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ABSTRACT

The purpose of this report by a panel of school finance specialists appointed by the governor to guide a budget study in New York State is to summarize studies on the existing apportionment system of public school aid and to suggest short-term steps for improving the equity of the present system. Parts 1 and 2 discuss the present operating aid formula and other major state aid programs. Part 3 examines two programs for which aid is currently available to only selected New York State school districts: early education and the education of the gifted and talented. Part 4 deals with reorganization of school districts and other aspects of the educational finance system. Recommendations for changes that could make the current operating aid formula more equitable are described at the end of each chapter. Tables and graphs are provided throughout the document. (Author/LD)

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CURRENT COMPONENTS OF NEW YORK STATE'S EDUCATIONAL FINANCE SYSTEM: A REVIEW

This staff report to members of the Governor's Advisory Panel of Consultants was prepared by members of the Education Study Unit of the New York State Division of the Budget.

HUGH L. CAREY, GOVERNOR

OCTOBER, 1977

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FOREWORD

As a vehicle for carrying out its recommendations for a modification of the New York State school finance system, a Task Force on Aid to Education, appointed by Governor Carey, suggested that "a small working party or task force [be] established by the Governor to conduct school finance studies." To implement this recommendation, Governor Carey sought and received a grant from the Ford Foundation in 1975.

To guide a Budget Division study unit established to coordinate these school finance studies, Governor Carey appointed a six-member panel of school finance specialists. Their names and positions at the time of appointment are as follows: Dr. Donna Shalala, Associate Professor of Politics and Education, Teachers College, Columbia University as Chairwoman*; Dr. John Callahan, Director of the Legislators' Education Action Project, National Conference of State Legislatures; Dr. Alan K. Campbell, Dean of the Maxwell School of Citizenship and Public Affairs, Syracuse University**; Dr. Walter I. Garms, Professor at the College of Education, University of Rochester; Dr. Dick Netzer, Dean of the Graduate School of Public Administration, New York University; and Dr. Allan Odden, Director of the Education Finance Center, Education Commission of the States.

The purpose of this staff report is to summarize studies on various aspects of the existing New York State public school aid apportionment system and to suggest short-term steps which could be taken to improve the overall equity of the present system. Many of the suggested changes could be made in the near future to move from where New York State is today to a system which more clearly recognizes and supports the needs of all districts. The report does not provide either an all-inclusive review of the causes for inequity among New York State school districts or a complete plan for reformation of the education aid system. Specifically, it does not address some of the underlying major organizational factors which have made it virtually impossible to find equitable school support formulas accommodating both New York City, which is a five-county consolidation of school districts without separate taxing powers, and the tiny suburban districts, which are

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** Current Title: Chairman, United States Civil Service Commission, Washington, D. C.

smaller than town subdivisions, but have unlimited taxing powers.

Parts I and II of this report look at aspects of the formula now in existence and suggest steps to be taken to make the operation of some of these formula factors more equitable than they are at present.

Part III examines two programs for which categorical aid is currently available to only selected New York State school districts: early education and the education of the gifted and talented.

Part IV deals with other aspects of the educational finance system, including the organization of the State's school districts. Arvid J. Burke, Professor Emeritus, State University of New York at Albany, in a 1977 paper written for the State Education Department observed, "Regardless of its cost, the formation of central school districts represents the greatest gain toward equalization achieved in this century in New York State."

Some of the costs connected with the preparation of this report have been financed pursuant to the Ford Foundation grant awarded to the State of New York in the fall of 1975. Technical work on this report was done during the summer of 1977 by staff members of the Education Study Unit in the New York State Division of the Budget. Statistical and computer support assistance was provided by the New York State Board of Equalization and Assessment. Much of the data in this report were derived from reports, computer runs, or district estimates prepared by the New York State Education Department.

October, 1977

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PART I

OPERATING AID FORMULA FACTORS

OPERATING AID FOR NEW YORK STATE SCHOOL DISTRICTS..... 3

This section of the report describes the current operating aid formula options, including the save-harmless provisions for the 1977-78 school year.

MEASUREMENT OF RELATIVE SCHOOL DISTRICT WEALTH..... 11

There are three subsections under this heading. The first one discusses the use of full valuation versus the potential use of income data; the second, pupil divisors; and the third, current use of full valuation per resident pupil.

DETERMINATION OF AIDABLE PUPIL UNITS..... 27

The opening portion of this section includes a discussion of average daily attendance versus average daily membership. Each of the five remaining sub-sections deals with one of the weightings now included in the formula for operating aid apportionment -- handicapping conditions, special educational needs, secondary school, summer school, and evening school.

OPERATING AID PAYMENTS TO DISTRICT OF RESIDENCE..... 53

A proposal for channeling operating aid payments to reflect the district in which the pupil resides rather than the one in which the pupil attends school is described in this section. A similar recommendation was incorporated in a Budget bill submitted at the 1977 Legislative Session.

DECLINING ENROLLMENTS FOR TOTAL SAVE-HARMLESS AID..... 55

The recent phenomenon of school enrollment declines and its impact on New York State school districts is discussed. The operating aid save-harmless provision currently used to "buffer" the effect of declining enrollments is also analyzed.

OPERATING AID FOR NEW YORK STATE SCHOOL DISTRICTS*

THE ISSUE:

New York State will distribute more than $3.14 billion in State aid to major public school districts in the 1977-78 school year. Operating aid will account for $2.39 billion or 76 percent of this total amount for State public school aid. Operating aid to school districts is based on districts' approved operating expenses as defined by law.

As Table A-1 indicates, the total operating aid payable to the 705 major school districts** has increased by $573 million (32 percent) from $1.82 billion in 1971-72 to $2.39 billion in the 1977-78 school year.

The Operating Aid Formulas: The 1973-74 Task Force on State Aid for Elementary and Secondary Schools recommended new operating aid provisions to replace an aid ratio formula adopted at the 1962 Legislative Session.*** The operating aid formula, based on the Task Force recommendations, has remained basically unchanged since enacted by the 1974 Legislature for the 1974-75 school year.

The operating aid formula is really composed of three alternatives. Districts have the option of using the formula alternative which is most beneficial to them, depending on their property wealth per pupil (full valuation per resident pupil).

The first option available to school districts is a "foundation type" formula. The premise behind this kind of formula is that the State will share in the approved operating expense of a district up to a specified per pupil amount. This specified amount (often referred to as the "state-local support level") was $1,200 per pupil from the 1974-75 to the 1976-77 school year. In the 1977 Legislative Session, the state-local support level was increased to $1,400 per pupil.

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* For more detailed discussion of New York State's operating aid formula, see Education Unit, State of New York Apportionment of Operating Aid for the 1977-78 School Year: A Complex Status Quo, (New York State Division of the Budget) September, 1977.

** In this and other sections of the report, New York City is often counted on a five-borough basis. Thus, the total number of school districts will sometimes be cited as 709 instead of 705 districts.

*** In 1962 the Joint Legislative Committee, headed by Charles Diefendorf, recommended, and the Legislature adopted, an operating aid formula and a building aid formula -- each involving the use of an aid ratio to determine district relative wealth. The 1962 building aid formula is still in effect.

Table A-1: OPERATING AID PAYABLE TO NEW YORK STATE SCHOOL DISTRICTS, 1971-72 TO 1977-78 SCHOOL YEARS

School Year	Total Payable Operating Aid[a]		
	Amount	Change from Previous Year	
		Amount	Percent
	(in millions)		
1971-72	$1,815	—	—
1972-73	1,845	$ 30	1.7%
1973-74	1,907	62	3.4
1974-75	2,219	312	16.4
1975-76	2,303	84	3.8
1976-77	2,311	8	.3
1977-78	2,388	77	3.3
Change from: 1971-72 to 1977-78	—	$573	31.6%

[a] Does not include high tax aid.

SOURCE: Data for 1971-72 through 1973-74 school year were based on New York State Education Department, Understanding Financial Support of Public Schools, 1976-77. Data for 1974-75 through 1977-78 school years were based on State Education Executive Budget estimates, March 1976 and May 1977.

To calculate the State's share of approved operating expense, the district's required local share is first determined under the foundation formula option. For district's spending at least $1,400 in approved operating expense per pupil, the required local share is determined by multiplying the district's property wealth per pupil (full valuation per resident pupil -- FV/RWADA) by .015. This decimal represents a 15 "mills" tax rate; "1 mill" is equal to 1/10th of a "cent". Thus, a 15 mill tax rate is another way of describing a $15.00 per thousand full valuation tax rate. Once the required local share is calculated for a district, it is subtracted from the $1,400 state-local support level in order to arrive at the amount of operating aid to be paid by the State. The basic foundation formula can be stated algebraically as follows:

$1,400 - .015 (District FV/RWADA*) = formula operating aid per pupil (TAPU)**

Total operating aid for the district is calculated by multiplying per pupil formula aid by the total number of pupils (total aidable pupil units -- TAPU) in the school district. For the 1977-78 school year, the basic foundation formula will be most beneficial to the 558 districts with up to $67,000 full value per resident pupil.

In the 1977-78 school year, 87 districts will benefit from an alternate operating aid formula option. This formula option gives these districts more money than they would receive under either the first or the third option. Algebraically, this option may be written as follows:

$360 + .001 ($101,000 - District FV/RWADA) = formula operating aid per pupil (TAPU)

For 1977-78, this alternate formula would aid districts with full valuations per pupil falling between $67,071 and $101,000. The 87 districts benefitting from this formula aid option have full valuations from $67,849 to $100,057 per pupil with aid amounts ranging from $393 to $361 per pupil.

The 64 districts with more than $101,000 full value per resident pupil for the 1977-78 school year will receive a minimum or "flat grant" guarantee of $360 per pupil. In 1977-78, the State's two wealthiest districts for aid purposes will have more than $450,000 full valuation per resident pupil.

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* An explanation of this wealth measure can be found in the section entitled, "Measurement of Relative District Wealth," in this report.

** An explanation of the pupil "needs" measure (TAPU) used to determine the total operating aid apportionment for school districts can be found in the section entitled "Determination of Aidable Pupil Units" and in the "Glossary of Terms" of State of New York Apportionment of Operating Aid for the 1977-78 School Year: A Complex Status Quo, (Education Unit, New York State Division of the Budget, September, 1977) p. 21.

6.

The graph in this section illustrates the three operating aid formula options for New York State school districts.

Payable Operating Aid: Because of a number of other provisions enacted into law, the amount of operating aid actually paid to a district (i.e., payable operating aid) may differ significantly from the amount of operating aid the district is entitled to under one of the three formula aid options. In fact, for the 1977-78 school year, only 126 school districts will actually be paid formula operating aid. There are four provisions which affect operating aid paid to districts in the 1977-78 school year. There are two types of limits on the amount of operating aid which will be paid to districts in the 1977-78 school year. Districts which are subject to these limits may choose the aid limit (or "cap") that is to their greatest benefit. They may choose either:

- A six percent total aid cap. There are 130 districts which will not receive more than six percent of their total 1976-77 operating aid; or

- A six percent per pupil aid cap. There are 106 districts which will not receive more than six percent of their operating aid for the 1976-77 school year on a per pupil basis.

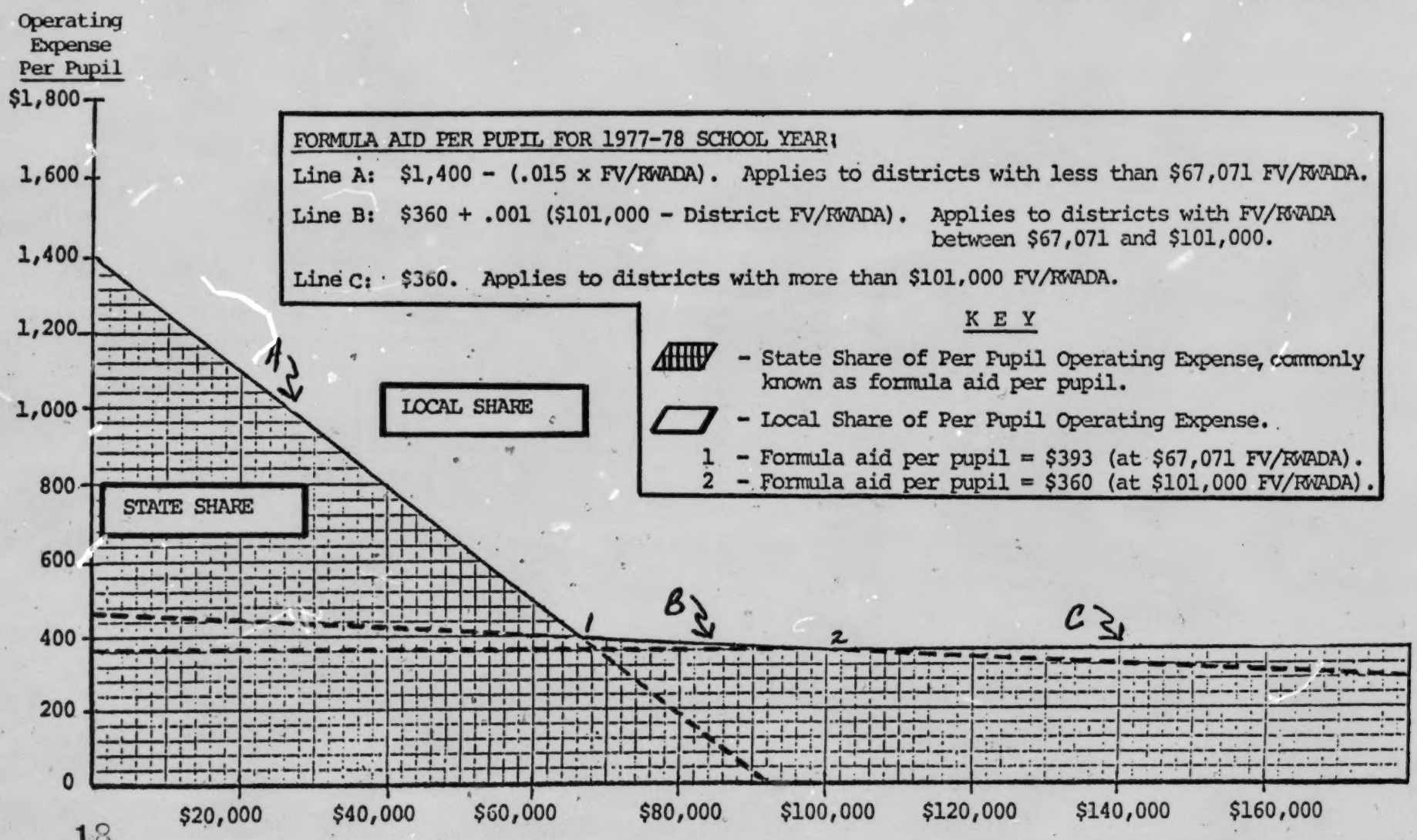
The other two provisions that affect operating aid are save-harmless provisions.* Districts which would receive less formula aid in the 1977-78 school year, than they received payable aid in 1976-77, may choose the save-harmless provision which is of greatest benefit to them. They may choose either:

- Total save-harmless. A district will not receive less total operating aid than it received in the 1976-77 school year. There are 240 districts which will be on total save-harmless in the 1977-78 school year; or

- Per pupil save-harmless. A district will not receive less than its 1976-77 operating aid on a per pupil basis. There are 107 districts which will receive operating aid on a per pupil save-harmless basis in the 1977-78 school year.

* For more detailed discussions concerning the impact of save-harmless provisions on operating aid apportionment in New York State, see the section entitled "Declining Enrollments and Total Save-Harmless Aid" in this report; and State of New York Apportionment of Operating Aid for the 1977-78 School Year: A Complex Status Quo, published by the Education Unit, New York State Division of the Budget, September 1977.

GRAPH A: ILLUSTRATION OF NEW YORK STATE OPERATING AID OPTIONS FORMULA FOR 1977-78 SCHOOL YEAR


Operating Expense Per Pupil
$1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
FORMULA AID PER PUPIL FOR 1977-78 SCHOOL YEAR:
Line A: $1,400 - (.015 x FV/RWADA). Applies to districts with less than $67,071 FV/RWADA.
Line B: $360 + .001 ($101,000 - District FV/RWADA). Applies to districts with FV/RWADA between $67,071 and $101,000.
Line C: $360. Applies to districts with more than $101,000 FV/RWADA.
K E Y
- State Share of Per Pupil Operating Expense, commonly known as formula aid per pupil.
- Local Share of Per Pupil Operating Expense.
1 - Formula aid per pupil = $393 (at $67,071 FV/RWADA).
2 - Formula aid per pupil = $360 (at $101,000 FV/RWADA).
LOCAL SHARE
STATE SHARE
A
B
C
1
2
$20,000
$40,000
$60,000
$80,000
$100,000
$120,000
$140,000
$160,000
1975-76 FULL VALUE PER RESIDENT PUPIL IN WEIGHTED AVERAGE DAILY ATTENDANCE (FV/RWADA)
(BASIS FOR AID APPORTIONMENT IN 1977-78)

8.

RECOMMENDATIONS:

The operating aid formula adopted by the 1974 Legislature was designed as an interim formula as the following excerpt from a preface to an April 1974 report from the 1973-74 Task Force on State Aid to Elementary and Secondary Schools indicates:

> "The Task Force originally expected to develop a formula which would be largely self-adjusting and therefore would need little revision for the next few years. It also hoped to develop a two-year plan under which districts would know what aid to expect in the 1975-76 school year as well as in 1974-75. As more current data became available, it became apparent to Task Force members that rapidly changing conditions made both of these goals unattainable. Declining enrollments and increased property valuation rates have disrupted the pattern of district per pupil wealth. There are, however, still growth areas where the number of pupils enrolled is increasing rapidly. The Task Force believes it will take a period of approximately three years before the implications of these trends can be accurately assessed and a state aid program developed that has a reasonable chance of permanency."

Governor Carey's Task Force on Aid to Education recommended in 1975 that the operating aid formula be changed significantly. The report called for a series of studies on various aspects of the formula. Studies recommended by this 1975 Task Force included analyses of i) the basic operating aid formula under current law including a review of alternative approaches to state aid; ii) property tax structure and administration; iii) alternative measures of local wealth other than the property tax base; iv) identification of pupils with special educational needs and the adequacy of a present "weighting" system for such pupils; v) changing the current pupil measure based on average daily attendance to a pupil measure based on enrollment; vi) cost-of-living differentials within the State; and vii) the effect of declining enrollment on school district expenditures.

A number of studies requested in the 1975 gubernatorial Task Force report have been completed pursuant to a two-year grant of $180,000 from the Ford Foundation and a federal grant made pursuant to section 842 of the Education Amendments of 1974. These studies, several of which are summarized in the report and in other related reports to be issued this fall, support the need for change in the operating aid formula.

Within the existing New York State school district structure, there appear to be no simple new operating aid formulas which do not involve significant shifts in the distribution of aid among districts. Because New York State has had an apportionment system which treats districts of the same relative wealth level very differently, simple changes tend to have a radical impact upon districts which have benefitted from save-harmless provisions for many years. It is clearly possible, however, to improve upon the current inequitable, complex, and confusing operating aid apportionment scheme. A number of changes which could make the current operating aid formula more equitable are described in more detail in the remaining sections of Part I - Operating Aid Formula Factors.

MEASUREMENT OF RELATIVE SCHOOL DISTRICT WEALTH

Aid apportionment formulas which seek to equalize the disparities between wealthy and poor school districts generally include some measure of a district's relative "wealth" or fiscal capacity. In New York State, as in many other states, the standard used to indicate a school district's wealth is based on the valuation of its real property on a per pupil basis.

The primary rationale behind using a property-based wealth measure is that the real property tax is the major local revenue source for the financing of public education. The measure of school district wealth used in the current State operating aid formula is determined by dividing district property valuation by the number of pupils in the district. A pupil measure is used as the divisor in the wealth measure in order to indicate the educational needs of the local school district.

The discussion of the school district measure of wealth is divided into three parts. The first two subsections analyze the two factors used in the wealth measure (full valuation and the pupil divisor). The third one discusses the wealth measure as it relates to the current operating aid formula. The titles of these subsections are:

-- Full Valuation;

-- The Pupil Divisor Used in the School District Wealth Measure; and

-- Full Valuation Per Pupil and the Current Operating Aid Formula.

Separate pupil factors are used for aid apportionment after the district's relative wealth has been determined. These pupil factors are discussed in the section entitled, "Determination of Aidable Pupil Units."

FULL VALUATION

THE ISSUE:

The valuation of property as used in New York State's aid apportionment formulas is the full market value of real property in the school district. This "full value" (sometimes called "actual value" or "true value") is derived by taking the assessed valuation of taxable real property within each school district as it appears on the assessment roll of the municipality in which the property is located. After certain revisions are made, as provided by law, the total assessed valuation is divided by the state equalization rate* as determined by the State Board of Equalization and Assessment for the assessment roll of each municipality (assessing unit). When a school district covers more than one municipality, the full value portions are added together to determine the school district full valuation.

The full valuation data used for state aid purposes are based on the assessment rolls of the "calendar year prior to the calendar year in which the base year** began". For example, 1977-78 aid apportionment is based on the districts' 1975 full valuation.

Property Value as an Indicator of District Wealth: The valuation of real property as an indicator of wealth has been used since colonial times. In recent years, however, the concept of a property-based measure to determine school district wealth has come under attack.*** The relative merits of using a property-based wealth measure versus alternative wealth measures, such as income, have become a major issue in educational finance circles.

Most of the arguments for and against the use of real property as a measure of district wealth center around the question of whether or not a property-based measure is a true reflection of a district's fiscal ability. Those who argue

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* The equalization rate is the average ratio of assessed to market value for all property in the assessing unit.

** The base year is defined by law as the year immediately prior to the year in which aid is apportioned.

*** For detailed discussions of this issue see Educational Finance and the New York State Real Property Tax: The Inescapable Relationship (Governor's Advisory Panel of Consultants), May, 1976 and a staff report entitled Index of Property Tax Non-Uniformity Among School Districts in New York State, August, 1977.

for the retention of a property-based wealth measure generally note that real property is the basis for the single most important tax imposed and controlled by local jurisdictions for public education and other purposes. Valuation of property is a measure of the district's ability to raise local tax dollars. It is further argued that a change to another tax base, such as income or sales tax, would not provide the stability of the real property tax and could have a deleterious effect on local control.

Critics of the property-based measure argue that property is simply no longer an accurate measure of school district wealth. Because a district's total valuation of its property is high, it does not necessarily follow that the residents of the district are wealthy, or vice versa. It is most often argued that an income-related wealth measure would be more truly reflective of the ability of the school district to raise taxes.

Aside from the important philosophic questions of whether property is a fair and accurate measure of district wealth, there are a number of serious, practical problems in changing from the current property-based wealth measure to an alternative measure, such as income.

The real property tax is a large revenue producer. In the 1976-77 school year, it is estimated that more than $8 billion will be raised by New York State's local governments from the real property tax. For school support alone, it is anticipated that the real property tax will yield an estimated $4.2 billion for 1976-77. The real property tax yield for school support is almost as much as the estimated yield of $4.53 billion from the State personal income tax, the State's largest revenue producer for the 1976-77 fiscal year. The property tax for public education yield in 1976-77 was almost twice as much as the $2.22 billion from the sales and use tax (the second largest State tax for the 1976-77 fiscal year) and four times as much as the $1.04 billion corporation franchise tax (the third largest State tax). Thus, any major shift from the real property tax to any one of these three broad-based State taxes would have an enormous impact upon large groups of taxpayers.

New York State's total State and local taxes per capita have risen from $372 in 1965 to $1,025 in 1975. In comparison, California, the second highest taxed state in 1975, had a per capita tax burden of $869 and only three other states (Hawaii, Alaska and Massachusetts) had total state and local taxes exceeding $800 per capita.

Finding alternative wealth measures, for which accurate data are available, has been a major problem. Personal income data, which would be the logical basis for an income-related wealth measure, are available from three different sources -- the United States Bureau of the Census, the New York State Department of Taxation and Finance, and the New York State Department of Commerce. Each of these offices differ in their definition of "income", and thus, their income data are not comparable. The United States Bureau of the Census collects its income data once every ten years, with the last census taking place in 1970. Furthermore, census data is based on only a 20 percent sample, and therefore, is perceived by many statisticians as an inaccurate reflector of the income level in each of 705 major school districts in New York State.

The State Department of Commerce includes non-monetary as well as monetary income (such as wages received in kind) as part of its income definition. This non-monetary income cannot be factored out of total personal income.

As well as the difficulties associated with an inadequate data base, there is the additional problem of collecting data on a school district basis. Up until the 1977 legislative session, there was no mechanism by which New York State income data could be collected on a school district basis. In 1977, a bill was signed into law (Chapter 309 of the Laws of 1977) which set up a procedure to collect this information. New York State taxpayers will now be required to fill in their school district name and applicable school district code number on their State income tax forms. It is expected that preliminary income data on a school district basis may be available from the Department of Taxation and Finance by December 1978.

Chapter 309 represents a major step toward developing an income-related wealth measure for aid purposes. There are however, potential problems which will have to be addressed before such data could be used as the major determinant of relative wealth for school aid purposes. There is, for instance, a potential for error or non-compliance on the part of taxpayers unless a major public relations effort is conducted to acquaint taxpayers with these new requirements. Such a public relations effort should be instituted prior to January 1978.

The data obtained pursuant to Chapter 309 refers only to taxable personal income, which accounts for 80 percent of total personal income. Decisions still must be made on the extent to which taxable income may be used as a determinant for measuring school district wealth and on how it should be combined with other measures of relative school district wealth.

Although "full valuation" may be the best indicator of school district wealth at the present time, difficulties with this measure also exist. The lack of uniformity in assessments*, both within and among assessing units, has been a major concern for many years. The 1975 Task Force on Aid to Education, appointed by Governor Carey, recommended analyses of property tax structure and administration in the State. Two such studies, conducted pursuant to a two-year Ford Foundation grant, have been completed. A May 1976 report, Educational Finance and the New York State Real Property Tax: The Inescapable Relationship (Governor's Advisory Panel of Consultants), includes a detailed discussion of some of the shortcomings of current assessment procedures and of projected shifts in tax burdens that would result from statewide adoption of full valuation assessment. A follow-up staff report to the Advisory Panel of Consultants, entitled Index of Property Tax Non-Uniformity Among School Districts in New York State (August 1977), contains measurements of the impact of inequitable assessments on school tax bills.

Another problem with "full valuation" as a measure of school district wealth is that there is a lapse between the time when market value levels are determined and when aid is apportioned based on such full valuation data. Full valuation is calculated by dividing the total assessed valuation of a school district by an equalization rate determined by the State Board of Equalization and Assessment. As noted previously, a district's assessed valuation is determined from assessment rolls completed two years prior to the year in which aid is apportioned. However, the equalization rates are determined from surveys on the value of property four or five years earlier.

Market value surveys conducted by the State Board of Equalization and Assessment are the basis for determining equalization rates. The most recently completed survey -- based on sales ratios and on independent appraisals of randomly selected parcels of property within assessing units -- was conducted as of July 1974; earlier surveys were conducted as of January 1968, January 1970, and January 1973. The complexity and cost involved in conducting a market value survey has, thus far, precluded the possibility of annual surveys. Thus, the so-called "full valuation" of property used for aid apportionment is based on assessment rolls which are two years old and on equalization rates derived from even older market value surveys.

* The value placed on the property by local assessors.

TABLE A-2: TIME OF COMPLETION OF MARKET VALUE STANDARD, MARKET SURVEYS AND ASSESSMENT ROLLS ON WHICH FULL VALUATION IS BASED TO DETERMINE AID APPORTIONMENT FOR 1975-76 TO 1978-79 SCHOOL YEARS

School Year In Which Aid Is Apportioned	Market Value Standard[a]	Market Surveys[b] Used To Compute Standard	Year In Which Local Assessment Roll Is Completed
1975-76	January 1970	January 1970	1973
1976-77	January 1972	2/3 January 1973 1/3 January 1970	1974
1977-78	January 1973	January 1973	1975
1978-79	October 1973	1/2 January 1973 1/2 July 1974	1976

[a] The market value standard is used in determining equalization rates for the local assessment rolls completed in the year noted in column 4.

[b] The market surveys are based on sales ratios and independent appraisals of randomly selected parcels of property within classifications in assessment units established for 991 municipalities by the New York State Board of Equalization and Assessment.

SOURCE: New York State Board of Equalization and Assessment.

As can be noted from Table A-2, the "market value standard" on which equalization rates are based is often a combination of market value surveys taken at different times. This practice means that a single survey may affect state aid apportionments to school districts for three separate school years. For example, the January 1973 market standard was used in the calculation of the full valuation base for state aid apportionments in the 1976-77, 1977-78, and 1978-79 school years. (See Table A-2.)

RECOMMENDATIONS:

The real property tax is the largest local revenue source for the support of public schools in New York State. The economic climate of the State, at the present time, would make it difficult, if not impossible, to shift from a local real property tax base to another tax base. While another measure of wealth, such as income, may be a viable alternative at some future time, it is recommended that the current property-based measure be retained for the present.

The first step toward providing an accurate data base for an income-related wealth measure on a school district basis was taken in the 1977 legislative session. New York State taxpayers will now be required to note on their State income tax forms the name and applicable code number of the school district in which they reside. Because of the potential for error on the tax forms, it is expected that it may take a few years before these data would be accurate enough for significant use in a state education aid formula. Alternative ways of using taxable income to measure relative district wealth should be examined when these data become available.

While continuation of the property tax as the basis for local support of public schools is recommended for the foreseeable future, there is a potential for reform in this area.* Proposals for reforming the use of property tax for support of public education have included use of regional or statewide property tax systems. Before such recommendations can be implemented successfully, improvement in assessment procedures is needed. Appraisals of parcels of property in the assessing unit are now made in many jurisdictions through manual calculations and inspections by the local assessor. Increasing numbers of parcels, frequent transfers of property, creation of new property tax exemptions, and, especially, ever-rising property values make it all but impossible for the local

* Other recommendations for reform of property tax administration are included in the Educational Finance and the New York State Real Property Tax: The Inescapable Relationship (Governor's Advisory Panel of Consultants, May 1976) and Index of Property Tax Non-Uniformity Among School Districts in New York State (staff report to the Governor's Advisory Panel of Consultants, August 1977).

assessors to maintain accurate, updated assessment rolls. The result is that significant over- or under-assessment of property valuations has become commonplace. Computerization of the assessment process in all taxing jurisdictions is the only means by which gross inequities in the property tax burdens can begin to be eliminated.

Full valuation, as now calculated, is based on market value standards that are five to six years old and a combination of market surveys which are four to seven years old. In order to distribute State aid more fairly, it is recommended that improved market surveys be instituted as soon as feasible, consistent with the interest of school districts in obtaining equalization rates which are as accurate as possible.

THE PUPIL DIVISOR USED IN THE SCHOOL DISTRICT WEALTH MEASURE

THE ISSUE:

The school district measure of wealth is full valuation of property divided by a pupil measure. In recent years, other divisors, such as a per capita measure, have been advocated.

Current Law: The pupil divisor currently used in New York State to determine school district wealth is "resident pupils in weighted average daily attendance" (RWADA). This pupil count is based on pupil attendance for the school year immediately preceding the "base year". Thus, for 1977-78 aid purposes, RWADA is based on pupil attendance in the 1975-76 school year.

Pupils who reside in the district, but go to school in another district, are included in this pupil measure, while nonresident pupils who attend school in the district are excluded.

"Average daily attendance" (ADA) is defined by law as the total number of attendance days divided by the total number of days school was in session. In determining average daily attendance for this pupil measure, a district may select its best four out of eight or five out of ten attendance periods.

The following "weightings" are applied to resident pupils in average daily attendance:

Full-day Kindergarten through grade six pupils, 1.00;

Half-day Kindergarten pupils, .50; and

Pupils in Grades seven through 12, 1.25.

The pupil measure used as a divisor to determine wealth is not based on the same criteria as the pupil "needs" measure used for aid apportionment (total aidable pupil units - TAPU). "Average daily attendance" is calculated differently for these two measures (the TAPU measure is based on average daily attendance without choice of attendance periods). Also, "weightings" are treated differently for the two pupil measures. The basis for the weighting of secondary pupils (grades seven through 12) is different in the two measures, and weightings for pupils with handicapping conditions, pupils with special educational needs, and summer and evening school pupils which are excluded in the current RWADA count are included in the TAPU measure.*

* The TAPU measure is defined and discussed in the section on "Determination of Aidable Pupil Units".

Alternative Measures: A series of different divisors have been proposed for a school district wealth measure including use of a weighted form of average daily membership, a per capita measure, and a resident TAPU measure comparable to the pupil measure used for aid apportionment. Another alternative measure would provide for the combination of public and nonpublic school enrollments. Studies conducted pursuant to the federally funded section 842 study (authorized by the 1974 Education Aid Amendments) have explored several alternative measures.

The consensus among proponents of change has been to move in the direction of a measure utilizing average daily membership. The section entitled "Determination of Aidable Pupil Units" discusses the relative advantage of average daily attendance versus average daily membership.

Table A-3 shows the relationship between various alternative divisors for the wealth measure for the five largest cities and the remainder of the State. As can be seen from Table A-3, there is a great disparity between the distribution of pupils throughout the State, as defined by the current law pupil wealth divisor, and the distribution of the general population. Table A-3 indicates that while the Big Five Cities have 49 percent of the total population in the State, their resident pupils in weighted average daily attendance account for only 33.9 percent of the total State. The current law total aidable pupil unit measure produces a heavier concentration of pupils in the five most populous cities in the State (34.5 percent of the total State) while a weighted average daily membership measure reflects even more closely the distribution of the State's population. Because of the heavy concentration of nonpublic schools in the large urban areas, a very large proportion of the nonpublic school enrollment is concentrated in schools which are located in the Big Five Cities -- 62.4 percent of the total State. (Data on the public school districts in which such nonpublic school pupils reside are not currently available.)

RECOMMENDATIONS:

Pupils are counted in two different ways under current law. The "resident pupils in weighted average daily attendance" (RWADA) measure is used as the divisor in the wealth measure and the "total aidable pupil units" (TAPU) measure is used as a multiplier of per pupil operating aid in order to determine total operating aid apportionment for the district. These two measures are based on different definitions of attendance and have different weightings applied to pupils who need special educational services. It is recommended, whenever logical and feasible, that all major factors in the two pupil measures be consistent with each other.

TABLE A-3: EXAMPLES OF ALTERNATIVE DIVISORS FOR A NEW YORK STATE WEALTH MEASURE

Wealth Divisor Measure[a]	Number In Total State (in thousands)	Count As A Percent Of Total State	
		Big Five Cities	Rest of State
Resident pupils in average daily attendance (RWADA)[b]	3,349.9	33.9%	66.1%
Total aidable pupil units (TAPU)[c]	3,426.5	34.5	65.5
Weighted average daily membership (WADM)[d]	3,785.8	37.3	62.7
Population[e]	18,457.1	49.0	51.0
Nonpublic school enrollment[f]	600.4	62.4	37.6

[a] All of the pupil measures are based on data from the 1975-76 school year. The population data are based on the 1970 Census.

[b] RWADA is the current law pupil divisor used for the school district wealth measure. The RWADA data for 13 component districts of the four central high school districts have been excluded, as they have already been counted as part of the central high school districts.

[c] TAPU is the current law pupil measure used to determine total aid apportionment to school districts.

[d] Average daily membership is the average number of pupils enrolled in a school district on each day while school is in session. The weightings applied to the average daily membership are the same weightings applied to total aidable pupil units under current law with the exception that all secondary school pupils (grades 7 - 12) are weighted at 1.25.

[e] Based on 1970 United States Bureau of the Census data.

[f] Nonpublic school enrollment is based on data obtained for Section 701 of the Education Law (textbook aid).

SOURCE: Calculation based on input data obtained from the New York State Education Department.

One of the differences in the two pupil measures relates to the difference between resident and non-resident pupils. The resident pupils in weighted average daily attendance count in the wealth measure indicates the school district burden in providing educational services to its resident pupils, whether or not they are educated in the district. Because school districts are responsible, by law, for the education of all of their resident pupils (and only their resident pupils), it is logical that "residency" be part of the definition of the pupil measure used to determine a district's fiscal capacity. At present, the total aidable pupil unit count indicates the educational "needs" of the pupils which are actually being educated in the public schools of a school district (whether or not these pupils actually reside in the district). However, in the future, it is recommended that resident pupils be used in both pupil measures. (See section entitled "Direct Aid to District of Residence" for a further discussion of this recommendation.)

The lack of consistency of almost all of the other factors in the two pupil measures is even more illogical. The total aidable pupil unit measure provides additional weightings for pupils with handicapping conditions, pupils with special educational needs, evening, and summer school pupils. These weightings are not provided in the resident pupils in weighted average daily attendance measure. (Only secondary pupils are weighted in both pupil measures.) With the single exception of summer school, it is recommended that all other weightings which are used in the total aidable pupil unit measure also be incorporated in the resident pupil count used in the measure of wealth.
The education of pupils with handicapping conditions, pupils with special educational needs and evening school pupils is no less a basic responsibility of a school district than the education of pupils attending Kindergarten through twelfth grade. In fact, districts with high concentrations of resident pupils with handicapping conditions and pupils with special educational needs are penalized, because their basic responsibility to provide special educational services for these pupils is not recognized in the wealth measure on which per pupil operating aid apportionment is based.

FULL VALUATION PER PUPIL AND THE CURRENT OPERATING AID FORMULA

THE ISSUE:

Since the late 1960's, rapid increases have occurred in the total market value of real property in New York State. Over a five-year period, the State average full value per pupil has risen from $39,100 in 1971-72 to $57,800 in 1975-76 -- an increase of 48 percent. (See Table A-4.)

Table A-5 indicates the impact of rising market values on school districts. Approximately half of the major school districts (353) had 1973-74 full valuations of less than $30,000 per resident pupil (the basis for 1975-76 aid). By 1975-76 (the basis of 1977-78 aid), only 186 districts (26 percent of all districts) had full valuation per resident pupil of less than $30,000. From 1973-74 to 1975-76, the major increases occurred in the $70,001 to $90,000 full value per resident pupil interval and in the intervals of more than $110,000 FV/RWADA.*

The operating aid formula has not been responsive to these rapid increases in full valuations per pupil. As discussed in the previous section, "Operating Aid for New York State School Districts," there are three options under the operating aid formula. The first aid option (often called the basic formula or the "15 mills" formula) is the most "equalizing." From 1974-75 to 1976-77, this aid option generated $408 per pupil for a district at $52,800 full value per pupil up to a theoretical $1,200 per pupil for a district with "0" full value per pupil. Districts between $52,800 and $100,999 FV/RWADA would have found the second aid option most beneficial. Districts at $101,000 or more full value per resident pupil were on the third formula aid option of a flat grant of $360 per pupil.

Thus, as full valuations per pupil increased and the formula remained the same from 1974-75 to 1976-77, increasing numbers of districts received less money under the operating aid formula. For example, for 1975-76 aid apportionment, at least 77 percent of all districts (547) could receive formula aid under the first aid option because their full valuations per pupil were $50,000 or less. A year later, there were only 497 districts with less than $50,000 full value per pupil.

The inability of the operating aid formula to "self-adjust" to the rising full valuations per pupil was one major reason why an increasing number of districts opted for the save-harmless provisions from 1974-75 to 1976-77.

* Full valuation per resident pupil in weighted average daily attendance is frequently abbreviated to FV/RWADA.

TABLE A-4: NEW YORK STATE AVERAGE FULL VALUATION PER PUPIL DATA FOR 1973-74 to 1977-78 AID APPORTIONMENT

School Year of Aid Apportionment	School Year of Full Value Per Pupil for Aid Apportionment Purposes[a]	State Average Full Value Per Pupil[b]		
		Amount	Change from Previous Year	
			Amount	Percent
1973-74	1971-72	$39,100	—	—
1974-75	1972-73	43,300	$ 4,200	10.7%
1975-76	1973-74	47,800	4,500	10.4
1976-77	1974-75	53,700	5,900	12.3
1977-78	1975-76	57,800	4,100	7.6
Change From: 1973-74 to 1977-78		—	$18,700	47.8%

[a] The full value per pupil used for aid apportionment is based on the year immediately preceding the "base year" in which aid is apportioned (i.e., two years prior to the school year when aid is paid). For example, 1971-72 full value per pupil is the basis for 1973-74 aid apportionment.

[b] The State average full value per pupil is determined by dividing the total full valuation for the State by the total number of New York State pupils in weighted average daily attendance (WADA).

SOURCE: New York State Education Department.

TABLE A-5: CHANGES IN FULL VALUE PER PUPIL (FV/RWADA) FOR 1975-76 to 1977-78 OPERATING AID APPORTIONMENT BY FV/RWADA INTERVALS

Full Value Per Pupil (FV/RWADA)	1973-74 Full Value Per Pupil for 1975-76 Aid		1974-75 Full Value Per Pupil for 1976-77 Aid			1975-76 Full Value Per Pupil for 1977-78 Aid			
	Number of Districts	Percent of Total State	Number of Districts	Percent of Total State	Percent Change From 1973-74	Number of Districts	Percent of Total State	Percent Change From 1974-75	Percent Change From 1973-74
$ 0 - 30,000	353	49.8%	246	34.7%	-30.3%	186	26.2%	-24.4%	-47.3%
30,001 - 50,000	194	27.4	247	34.8	+27.3	266	37.5	+ 7.7	+37.1
50,001 - 70,000	88	12.4	100	14.1	+13.6	120	16.9	+20.0	+36.4
70,001 - 90,000	31	4.4	50	7.1	+61.3	58	8.2	+16.0	+87.1
90,001 - 110,000	17	2.4	26	3.7	+52.9	23	3.2	-11.5	+35.3
110,001 - 130,000	9	1.3	10	1.4	+11.1	19	2.7	+90.0	+111.1
130,001 - 150,000	4	.6	7	1.0	+75.0	10	1.4	+42.9	+150.0
150,001 or more	13	1.8	23	3.2	+76.9	27	3.8	+17.4	+107.7
TOTAL STATE	709[a]	100.0%[n]	709[a]	100.0%	--	709[a]	100.0%[n]	--	--

[a]Includes New York City counted on a borough basis.
[n]Totals do not add due to rounding

SOURCE: Distributions based on full value per pupil data provided by the State Department of Education, July 1976 and May 1977.

In its 1977 Session, the Legislature increased the state-local support level from $1,200 to $1,400 per pupil. This means the "cut-off" point for the first aid option has increased from $52,800 to $67,100 full valuation per pupil. This change in the support level will help districts with rising full valuations per pupil to remain on the formula, and there will be a decrease in save-harmless districts for 1977-78 directly related to this formula change. Under the current operating aid apportionment system, only through legislative changes, such as the change at the 1977 Session, can adjustments be made to take into account yearly increases in full valuations per pupil.

RECOMMENDATIONS:

The current law operating aid formula has no mechanism, other than through legislative change, to adjust to increases in school districts' full valuation per pupil. Efforts to phase-out the much criticized save-harmless system will be most difficult unless the operating aid formula is changed to incorporate some means of adjusting to rising property values and declining enrollments. This can be done in a number of ways, including use of an aid ratio formula, yearly changes in the state-local support level, or establishment of fixed appropriation levels for public school support. It is recommended that some type of self-adjusting mechanism be incorporated in any permanent operating aid formula which is designed to minimize and to phase out the State's dependence on save-harmless provisions.

DETERMINATION OF AIDABLE PUPIL UNITS

THE ISSUE:

The TAPU Measure: The pupil measure used, since the 1974-75 school year, to determine a district's total aid apportionment is called "total aidable pupil units" (TAPU). Pupils in average daily attendance in the "base year" (the year immediately preceding the school year in which aid is apportioned) are counted for aid purposes. Average daily attendance as used in the TAPU measure is based on the number of attendance days divided by the number of days the school was in session without choice of attendance period. The basic pupil count used for this pupil measure is:

Full-day Kindergarten through Grade 12 pupils, 1.00;

Half-day Kingergarten, .50;

The total aidable pupil unit measure was designed to provide a mechanism whereby the State aids districts for the additional local expense incurred for providing special educational services for certain kinds of pupils. The following additional "weightings" are applied to pupils with special needs as follows:

Pupils with special educational needs, .25;

Pupils with handicapping conditions, 1.00;

Summer school pupils, .12;

Evening school pupils, .50;

Additional secondary pupils, .25;
(This weighting is for pupils in Grades 7 through 12 who have not been weighted for special educational needs or handicapping conditions.)

Each of the additional weightings are discussed in detail in the various subsections of this portion of the report.

Average Daily Attendance Versus Average Daily Membership: As noted above, the total aidable pupil unit measure is based on average daily attendance. The basic rationale for using this criterion is to encourage school districts to maintain high pupil attendance. However, most school districts budget for such expenditures as staffing, equipment, and construction largely on the basis of pupil enrollment rather than attendance.

PUPILS WITH HANDICAPPING CONDITIONS

THE ISSUE:

Historical Background: Between 1962 and 1974, the State's role in providing assistance for educational programs for pupils with handicapping conditions was restricted to: (1) state aid for BOCES which conducted, among other classes, programs for pupils with handicapping conditions; (2) partial assistance for tuition, transportation and/or maintenance costs to state-approved private schools for the handicapped; and (3) state-supported schools for the deaf and the blind. During this time, additional state aid was not provided to school districts for locally-operated programs.*

The New York State Commission on the Quality, Cost and Financing of Elementary and Secondary Education (commonly called the Fleischmann Commission) concluded in the study released in 1972 that the lack of state aid to school districts for their locally-administered special education programs for handicapped children, resulted in a great financial burden for the districts. An even greater concern of the Commission was that the lack of State assistance at the school district level encouraged districts to send pupils with handicapping conditions to facilities where they were isolated from the normal school program. Using a modification of cost indices completed for the National Educational Finance Project in 1970,** the Commission recommended that pupils with handicapping conditions who were not institutionalized should be weighted at 2.05, as part of the aid apportionment pupil measure.

The 1973-74 Task Force on State Aid for Elementary and Secondary Schools was in basic agreement with the above findings of the Fleischmann Commission. Therefore, in order to give State support to school districts conducting special education programs for the pupils with handicapping conditions and in order to encourage mainstreaming where it was appropriate, the Task Force recommended a weighting of 2.00 as part of the total aidable pupil unit (TAPU) measure for apportioning operating aid.

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* Prior to 1962, categorical aid for pupils with handicapping conditions was provided to school districts, but was abolished under the recommendation of the Joint Legislative Committee on School Financing (commonly called the Diefendorf Committee).

** Rossmiller, Hale and Frohreich, Education Programs for Exceptional Children: Resource Configurations and Costs, National Educational Finance Project, Special Study No. 2 (Madison: University of Wisconsin, 1970). In this study the costs of educating children with handicapping conditions were compared with the education costs of so-called "regular" children. Assuming the cost of education of a "regular" pupil was 1.0, cost indices were developed for children with various types of handicaps.

At the 1977 legislative session, both the Board of Regents and Governor Carey recommended partial use of an enrollment-based measure referred to as "average daily membership." Average daily membership is the average number of pupils enrolled in a school district on each day the school is in session.

For the 1976-77 school year (the year on which 1977-78 school aid is apportioned), there were 3.3 million pupils enrolled in New York State public schools. Because of the use of average daily attendance for aid purposes, only 88 percent (2.9 million pupils) of the total State enrollment will be used as the basis for school aid apportionment in the 1977-78 school year. If average daily membership had been used for aid, 3.2 million pupils (97 percent of total State enrollment) would have been counted for 1977-78 aid purposes.

Concern has been expressed that average daily membership, unlike average daily attendance, would provide no incentive for school districts to maintain high attendance levels. However, provisions could be introduced into law to create such incentives. For example, districts which allow their attendance ratios (attendance divided by membership) to drop a specified percentage from one school year to the next could be penalized. Likewise, districts could be rewarded for increasing their attendance ratios, from a relatively low level to a higher one.

RECOMMENDATIONS:

It is recommended that some form of average daily membership be at least partially incorporated in the pupil measure in combination with specific incentives for school districts to maintain high attendance levels. Any such change in the total aidable pupil unit measure should also be incorporated in the pupil measure used to determine school district wealth. (See "The Pupil Divisor Used in the School District Wealth Measure" in an earlier section of this report.)

Proposals regarding the weightings used in the TAPU measure can be found in the "Recommendations" portions of the following subsections:

-- Pupils with Handicapping Conditions;
-- Weighting for Pupils with Special Educational Needs;
-- Weighting for Secondary School Pupils;
-- Evening School Weighting; and
-- Summer School Weighting.

Current Law Provisions: Under legislation enacted in 1974 and effective for the 1974-75 school year, pupils eligible for the 2.00 weighting were defined as trainable mentally retarded, educable mentally retarded, visually impaired, hearing impaired, physically handicapped, severely speech impaired, or emotionally disturbed. The Commissioner of Education, with the approval of the Director of the Budget, promulgated regulations to define each handicapping condition category.

State law requires districts to use the additional money generated by this weighting for locally-administered programs for pupils with handicapping conditions in accordance with the regulations issued by the Commissioner of Education. The regulations require annual reporting of the number of pupils with handicapping conditions, a statement as to the use made of these additional funds and an itemized list of expenditures. Chapter 241 also required districts to submit a three-year plan in the fall of 1974 and every three years thereafter. Any unauthorized expenditures of these funds are to be deducted from the district apportionment for this purpose.

Under Chapter 71 of the Laws of 1977, the state-local support level in the operating aid formula was increased from $1,200 to $1,400. This legislative change also simultaneously increased the value of the additional 1.0 weighting factor for handicapped pupil aid $200 above what it would have been for the 1977-78 school year if the per pupil ceiling had remained at $1,200.

Table A-6 shows the number of pupils with handicapping conditions who are eligible for the additional 1.00 weighting and the amount of formula aid* based on this additional weighting. From 1974-75 to 1977-78, the number of eligible pupils increased by 1,100. Because of the operating of the foundation formula, the amount of aid decreased by $5.34 million from $31.67 million in 1974-75 to $26.33 million in the 1976-77 school year. The total formula aid amounts based on the additional 1.00 weighting for pupils with handicapping conditions will increase to $33.63 million in the 1977-78 school year.

New York City experienced a $.49 million decrease in formula aid under this categorical provision from the 1974-75 school year to the 1976-77 school year, while the rest of the State showed a decrease in formula aid of $4.85 million during this same time period. In the 1977-78 school year, New York City's formula aid based on the additional 1.00 weighting for pupils with handicapping conditions will increase to $12.08 million and the rest of the State's aid will increase to $21.56 million.

* When a district is affected either by save-harmless provisions or by maximum limits on aid increases, its formula operating aid will not be the same as the amount of aid paid to the district.

TABLE A-6: AID AMOUNTS GENERATED FROM ADDITIONAL 1.00 WEIGHTING FOR PUPILS WITH HANDICAPPING CONDITIONS AND NUMBER OF PUPILS WITH HANDICAPPING CONDITIONS (USED FOR COMPUTING HANDICAPPED AID APPORTIONMENT), 1974-75 TO 1977-78 SCHOOL YEARS

School Year	Amount of Formula Aid for Pupils With Handicapping Conditions (w/addl. 1.00 weighting)[a]	Number of Base Year Pupils With Handicapping Conditions in Average Daily Attendance (w/addl. 1.00 weighting)
A. TOTAL STATE		
1974-75	$ 31,667,000	50,400
1975-76	26,532,000	44,700
1976-77	26,326,000	48,100
1977-78	33,632,000	51,600[b]
Change From:		
1974-75 to 1976-77	$- 5,341,000	- 2,300
1974-75 to 1977-78	$+ 1,965,000	+ 1,100[b]
B. NEW YORK CITY		
1974-75	10,906,000	19,800
1975-76	10,633,000	20,000
1976-77	10,413,000	20,700
1977-78	12,077,000	20,400
Change From:		
1974-75 to 1976-77	$- 493,000	+ 900
1974-75 to 1977-78	$+ 1,171,000	+ 600
C. REST OF STATE		
1974-75	$ 20,761,000	30,600
1975-76	15,898,000	24,700
1976-77	15,913,000	27,400
1977-78	21,555,000	31,100
Change From:		
1974-75 to 1976-77	$- 4,848,000	- 3,200
1974-75 to 1977-78	$+ 794,000	+ 500

[a] The number of pupils with handicapping conditions as categorized by law, who attend approved locally-administered programs within the school district are weighted at an additional 1.00 and are the basis for the "handicapped" aid apportionment. The pupil count for aid apportionment utilizes "base year" pupils (the school year immediately preceding the school year in which aid is apportioned). For example, 1974-75 "handicapped" aid is based on 1973-74 pupils.

[b] Totals do not add due to rounding.

SOURCE: From State Education Department computer runs: General State aid Summary 1974-75; SA 124 Report, Research Summary 1975-76, April 26, 1976; SA 124 Report, Research Summary 1976-77, July 5, 1977; and 1977-78 State Aid Projections, Input/Output format, May 17, 1977.

Other State Provisions for Pupils With Handicapping Conditions: The additional weighting of 1.00 in the TAPU measure used for operating aid purposes is only one of the ways in which districts are presently assisted by the State in providing special educational programs for their pupils with handicapping conditions. The BOCES aid programs, state-supported schools for the deaf and blind, and state assistance for tuition, transportation, and maintenance costs for pupils who are enrolled in private schools for the handicapped have all been continued.

In addition, a "special services aid" to the five largest cities in the State, New York City, Buffalo, Rochester, Syracuse and Yonkers, was enacted into law in 1974 to assist these cities in providing programs for pupils with severely handicapping conditions as well as occupational educational programs. (See Part II of this report for an explanation of special services aid.)

Another major change in the New York State Education Law which affected pupils with handicapping conditions occured in 1976. A bill was enacted into law in that year* which streamlined the system of providing educational services for these pupils. Among other reforms, this statute provides a formula by which the State shares with school districts in part of the tuition costs for pupils whose handicapping conditions are of such a nature that they would be best served by attending a private school. This "excess cost" formula is based on the difference between the private school's approved tuition rate** and the district's average tax levy per pupil plus federal aid and the state aid which would have been apportioned if the pupil had not attended a private school.*** This "excess cost," incurred by the school district in contracting private educational facilities for a resident pupil with handicapping conditions, is multiplied by an aid ratio with a local share factor of .15. This means the State would pay 85 percent of the excess cost for a district of average wealth. No district will be aided at less than 50 percent of its excess cost.

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* Chapter 853 of the Laws of 1976.

** The Commissioner of Education must certify the district's choice of a private school for its resident pupils with handicapping conditions which will meet the needs of that particular pupil. The State also decides whether the tuition charged by the private school is appropriate. The State does not share beyond this approved tuition rate.

*** State aid for these pupils would include operating aid for pupils with handicapping conditions (based on the additional 1.00 weighting), special services aid for pupils with severely handicapping conditions, or any other aid paid in lieu of such aids.

RECOMMENDATIONS:

Further investigation needs to be made as to the actual expense incurred by districts in providing locally-administered special educational programs for their pupils with handicapping conditions. Until such an evaluation is made, it is recommended that the additional 1.00 weighting for pupils with handicapping conditions be continued in the pupil "needs" measure used for determining operating aid apportionment.

Under current law, the additional 1.00 weighting for pupils with handicapping conditions is only included in the pupil "needs" measure (TAPU) used for determining operating aid apportionment. This additional weighting is not currently included in the pupil count used to determine school district wealth (i.e., full value per resident pupil). For purposes of consistency and in recognition of the fact that districts do contribute financially to the locally-administered special education programs for their resident pupils with handicapping conditions, it is recommended that the additional 1.00 weighting for resident pupils with handicapping conditions also be reflected in the wealth measure. Under this recommendation, resident pupils eligible for an additional 1.00 weighting in the wealth measure would include "pupils with handicapping conditions" (as defined in this section of the report) and "pupils with severely handicapping conditions" residing in the Big Five Cities and eligible for special services aid. (See section on Special Services Aid in Part II of this report.)

34.

WEIGHTING FOR PUPILS WITH SPECIAL EDUCATIONAL NEEDS

THE ISSUE:

Historical Background: In recent years, both the Federal government and many states, including New York, have provided additional assistance to school districts in order that they may meet the special educational needs of children with various types of learning difficulties.

In 1968, a law was enacted in New York State which provided "categorical urban aid" to districts with heavy concentrations of pupils with special educational needs associated with poverty. Three criteria were used to determine urban education aid: the size of the district, the percentage of children at the poverty level in the district (as determined by the Federal Aid for Dependent Children program), and the percentage of pupils scoring below minimum competence on the sixth grade reading test of the state-administered Pupil Evaluation Program (PEP) tests.

The 1973-74 Task Force on State Aid for Elementary and Secondary Schools, which was appointed to recommend revisions in state aid to education, proposed a new method of aiding districts with pupils with special educational needs (PSEN's), based on the scores of sixth grade pupils on the State's Pupil Evaluation Program (PEP) tests. Before deciding to recommend PEP scores, the Task Force explored other possible criteria, including the proportionate number of Aid for Dependent Children (AFDC) recipients (aged five to 17) and the percentage of pupils eligible for free lunch programs.

After a review of the available alternatives, the Task Force recommended that, until a better testing measure was found, PEP tests should be continued as the basis for determining the number of PSEN's in school districts.*

The Task Force proposal, which was incorporated in Chapter 241 of the Laws of 1974, and which has been continued since then, provided for a 1.25 weighting for pupils with special educational needs as part of the total aidable pupil unit (TAPU) measure used to determine operating aid apportionment. The PSEN weighting is based on the percentage of pupils scoring below the minimum competence level of the sixth grade PEP tests administered in fall 1971 and fall 1972 in reading and mathematics. This composite percent is then multiplied by the district's base year total average daily attendance to determine the number of pupils eligible for the additional weighting.

* For a discussion of the relative merits of various measures studied by the Task Force, see 1973-74 Task Force on State Aid for Elementary and Secondary Schools, Historical Perspectives on Chapters 241 and 718 of the Laws of 1974, (December, 1974) pp. 32-33.

Districts must use the additional money generated by this weighting for locally-administered programs for PSEN's in accordance with the regulations issued by the Commissioner of Education. The regulations require annual reporting of the number of PSEN's, a statement as to the use made of these additional funds, and an itemized list of expenditures. Chapter 241 also required districts to submit a three-year plan in the fall of 1974 and every three years thereafter. Any unauthorized expenditures of these funds are to be deducted from this apportionment.

Table A-7 indicates the total formula aid amount based on the PSEN weighting from the 1974-75 to the 1977-78 school years. Because of the way the pupil count for PSEN's is calculated, the number of such pupils, as shown on the table, is directly related to the total average daily attendance. The decline in the number of PSEN's from 907,000 in 1974-75 to an estimated 895,000 in the 1977-78 school year is therefore based on the decline in pupil attendance in New York State during those years.

The total formula aid* amount in New York State based on the PSEN weighting decreased from $147.4 million in the 1974-75 school year. Under Chapter 71 of the Laws of 1977, the state-local support level in the operating aid formula increased from $1,200 to $1,400. This legislative change increased the value of the additional .25 weighting for pupils with special educational needs. For the 1977-78 school year, the total formula aid amount is estimated to increase to $150.7 million. New York City's formula aid based on the PSEN weighting, for that year, is estimated at $65.7 million and the rest of the State's formula aid is estimated at $84.9 million.

The Use of 1971 and 1972 PEP Scores: Fall of 1971 and 1972 PEP scores have been used since the inception of Chapter 241. This means that the composite percentage used in determining the PSEN weighting has remained the same since the 1974-75 school year.

There were several reasons why the 1973-74 Task Force chose to use older PEP scores. A report published by the Task Force said, "PEP scores have been criticized, on the one hand, because they may be subject to manipulation to receive more aid, and on the other because the use of them punishes success -- i.e., if a school district's scores improve, it loses aid."**

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* When a district is affected by either save-harmless provisions or by maximum limits in aid increases, its formula operating will not be the same as the amount of aid paid to the district.

** 1973-74 Task Force on State Aid for Elementary and Secondary Schools, Historical Perspective on Chapters 241 and 718 of the Laws of 1974 (December 1974) P. 33. See also Report to 1975 New York State Legislature on 1974-75 Cooperative Studies on State Aid for Elementary and Secondary Schools, (December 1974) pp. 71-77.

36.

TABLE A-7: AID AMOUNTS BASED ON ADDITIONAL .25 WEIGHTING FOR PUPILS WITH SPECIAL EDUCATIONAL NEEDS (PSEN'S) AND NUMBER OF PSEN'S (USED FOR COMPUTING AID), 1974-75 TO 1977-78 SCHOOL YEARS

School Year	Amount of PSEN Formula Aid	Number of Base Year PSEN's On Which Aid is Based[a]
A. TOTAL STATE		
1974-75	$ 147,355,000	906,700
1975-76	140,201,000	902,800
1976-77	127,019,000	894,200
1977-78	150,660,000	895,000
Change From 1974-75 to 1977-78:	$+ 3,305,000	- 11,700
B. NEW YORK CITY		
1974-75	$ 62,561,000	423,800
1975-76	59,727,000	420,700
1976-77	54,839,000	416,800
1977-78	65,714,000	423,500
Change From 1974-75 to 1977-78:	$+ 3,153,000	- 300
C. REST OF STATE		
1974-75	$ 84,794,000	482,900
1975-76	80,474,000	482,100
1976-77	72,180,000	477,400
1977-78	84,946,000	471,500
Change From 1974-75 to 1977-78:	$+ 152,000	- 11,400

[a] The number of eligible "pupils with special educational needs" is determined by computing the percentage of pupils scoring below the minimum competence level of the 6th grade Pupil Evaluation Program (PEP) test administered in fall 1971 and fall 1972 in reading and mathematics. This composite percent is then mulitplied by the district's base year total average daily attendance to determine the number of pupils eligible to be weighted as pupils with special educational needs for aid purposes. Pupils with special educational needs receive an additional weighting of .25.

SOURCE: From State Education Department computer runs: General State Aid Summary 1974-75; SA 124 Report, Research Summary 1975-76, April 26, 1976; SA 124 Report, Research Summary 1976-77, July 5, 1977; and State Aid Projections, Input/Output format, May 17, 1977.

On the other hand, the 5 and 6 year old PEP scores used for 1977-78 PSEN aid, are so out of date that they can no longer be considered an adequate proxy for the number of pupils with special educational needs attending schools today. The children who took the sixth grade reading and math PEP tests in 1971 and 1972 will be juniors and seniors in high school in the 1977-78 school year.

Since the students who were tested in third grade in 1972 would have been in the sixth grade in 1975, a comparison of those scores was made for both reading and math. Table A-8 shows the change in the percentage of students scoring below minimum competence from 1972 to the percentages for the sixth grade in 1975. Although it is understood that this is not a totally accurate way to measure a district's performance because of changes in the student population, it is useful as a general performance indicator.*

The data presented in this table shows that in most districts, students tested in the sixth grade do not perform as well as those in the third grade on either the reading or the math exams.

In 76 percent of the districts, students performed worse on the sixth grade reading tests in 1975 than they did on the third grade tests in 1972 and in 95 percent of the districts they performed worse on the math tests. Only 20 percent of the districts reduced the percentage of pupils scoring below the minimum competence level in reading between the third and sixth grades, and in just four percent of the districts did pupils show improvement in mathematics.

In 313, or 43 percent, of the districts in the total State, the percentage of students scoring below minimum competence in math on the third grade tests in 1972 increased by 15 percentage points or more.

RECOMMENDATIONS:

Further study is needed to select the most adequate criteria for determining the number of pupils with special educational needs in a district. Until such time as an evaluation can be made and new recommendations formulated, it is recommended that the present

* In the fall of 1974, districts began receiving state aid for pupils with special educational needs based on the percentage of their pupils scoring below minimum competence on the 1971 and 1972 PEP test scores. Therefore, while Table A-8 does indicate general trends in performance from 1972 to 1975, no concrete conclusions can be made concerning the impact of PSEN aid.

TABLE A-8: CHANGE IN PERCENTAGE OF STUDENTS SCORING BELOW MINIMUM COMPETENCE ON READING AND MATH PEP TESTS FROM THIRD GRADE IN 1972 TO SIXTH GRADE IN 1975

Change In Percentage Points	Reading		Mathematics	
	Number of Districts	Percent of Total State	Number of Districts	Percent of Total State
A. Increase in percentage of students scoring below minimum competence:				
15 or more points	54[a]	7.5%	313[a]	43.3%
13-14	31	4.3	73	10.1
11-12	72	10.0	79	10.9
9-10	74	10.2	83	11.5
7-8	74	10.2	61	8.4
5-6	91	12.6	29	4.0
3-4	78	10.8	29	4.0
1-2	75	10.4	21	2.9
Subtotal:	549	75.9%[n]	688	95.2%[n]
B. No Change:	31	4.3%	4	0.6%
C. Decrease in percentage of students scoring below minimum competence:				
1-2 points	44	6.1%	12	1.7%
3-4	24	3.3	7	1.0
5-6	24	3.3	1	0.1
7-8	18	2.5	4	0.6
9-10	10	1.4	2	0.3
11 or more	23[b]	3.2	5[b]	0.7
Subtotal:	143	19.8%	31	4.3%[n]
GRAND TOTAL	723[c]	100.0%	723[c]	100.0%[n]

[a] District with greatest decline in reading performance (increase in percentage of students scoring below minimum competence) was Hempstead in Nassau County with a change of 37 percentage points. District with greatest decline in math performance was Stratford in Fulton County with a change of 49 percentage points.

[b] District with greatest improvement in both reading performance and math (decrease in percentage of students scoring below minimum competence) was Prattsburg in Steuben County with a change of 37 percentage points.

[c] Total number of districts includes 30 New York City community school disticts and 693 other districts. Thirteen districts (including two New York City districts) were excluded because of insufficient data or because they were central high school districts.

[n] Totals do not add due to rounding.

SOURCE: State Education Department computer run comparing four years of PEP data, prepared for the Division of the Budget, July 1977.

method for determining PSEN's be continued, with the following modifications:

-- More recent PEP scores should be used for determining PSEN's. For the 1978-79 school year, it is recommended that the 1974 and 1975 scores in reading and math be used instead of the 1971 and 1972 scores presently employed.

-- It is recommended that third as well as sixth grade scores in reading and math be used. Sixth grade scores have been consistently lower than third grade scores. Thus, a composite of both third and sixth grade PEP scores will be a more accurate indication of the number of pupils with special educational needs in a district. Aid reductions arising from the use of composite third and sixth grade PEP scores could be offset through other proposed changes, such as the introduction of average daily membership and the addition of PSEN weightings to the pupil divisor for measuring district wealth.

Under current law, the additional .25 weighting for PSEN's is used only in the pupil "needs measure" for determining operating aid apportionment. It is recommended that resident pupils with special educational needs also receive an additional .25 weighting in the pupil count used to determine school district wealth.

WEIGHTING FOR SECONDARY SCHOOL PUPILS

THE ISSUE:

Historical Background: For many years, the pupil measures in the operating aid formula included a weighting for high school pupils at 1.25. The rationale behind this additional .25 weighting was that it is more expensive to educate high school pupils than elementary school pupils.

The 1973-74 Task Force on State Aid for Elementary and Secondary Schools recommended that the 1.25 weighting for pupils in grades seven to 12 be retained in the pupil measure used to determine school district wealth (i.e., resident pupils in weighted average daily attendance [RWADA]).

Legislation adopted in 1974 accepted the Task Force recommendation on RWADA. It also included a one-year provision for the 1974-75 school year establishing a .25 additional weighting for the average daily attendance of pupils in grades seven to 12 not otherwise weighted in the calculation of total aidable pupil units (TAPU). (The TAPU pupil measure is used to determine a district's operating aid apportionment.) The one-year provision for additional secondary school weighting was continued for the 1975-76, 1976-77, and 1977-78 school year.

Current Law Provisions: In the 1977-78 school year, the 1.25 weighting for secondary school pupils is, as noted above, included in the pupil measure to determine school district wealth (RWADA). In addition, there is a different type of secondary weighting used for operating aid apportionment (TAPU). Not all secondary pupils benefit from the additional weighting in the TAPU formula as the latter portion of this subsection indicates.

Table A-9 indicates the total formula aid based on the additional secondary weighting from the 1974-75 to the 1977-78 school years. In 1977, the state-local support level in the operating aid formula was increased from $1,200 to $1,400. This legislative change simultaneously increased the value of the additional .25 weighting for secondary pupils in the 1977-78 school year.

The .25 additional weighting under the TAPU measure does not include all pupils in grades seven to 12 in average daily attendance. Pupils in grades seven to 12 who are weighted at an additional 1.00 because of handicapping conditions, and pupils who are weighted at an additional .25 because of special educational needs are not included in the additional secondary weighting. This additional secondary school weighting, which can not be applied to secondary pupils who have been weighted for other reasons, as specified by law, has been called an "unduplicated" secondary school weighting.

TABLE A-9: AID TO NEW YORK STATE SCHOOL DISTRICTS, BASED ON ADDITIONAL SECONDARY WEIGHTING OF .25 FOR THE 1974-75 TO THE 1977-78 SCHOOL YEARS

School Year	Amount of Total Formula Aid[a] Based on Additional Secondary Weighting of .25[b] (in millions)
1974-75	$ 157.27
1975-76	151.54
1976-77	138.17
1977-78	164.02
Change From:	
1974-75 to 1976-77	$- 19.10
1974-75 to 1977-78	$+ 6.75

[a] The amount generated by the formula for additional secondary school pupils is shown in this column. For example, the 236 districts with aid limited by the overall caps on operating aid increases for 1977-78 will not receive as much additional secondary school aid as that generated by the formula, while the 347 districts receiving save-harmless aid payments in 1977-78 will be paid more than the amount generated for formula aid.

[b] The additional secondary weighting of .25 is based on the number of pupils in grades 7 - 12 in average daily attendance who are not weighted as pupils with handicapping conditions and/or pupils with special educational needs. The average daily attendance of this weighting is based on the year immediately preceding the year in which the aid is apportioned.

SOURCE: From State Education Department computer runs: General State Aid Summary 1974-75; SA 124 Report, Research Summary 1975-76, April 26, 1976; SA 124 Report, Research Summary 1976-77, July 5, 1977; and 1977-78 State Aid Projections, Input/Output format, May 17, 1977.

-- The fiscal impact of the unduplicated secondary school weighting is that districts with large concentrations of pupils with handicapping conditions and/or pupils with special educational needs have a disproportionately small percentage of their pupils in grades seven to 12 eligible for the secondary weighting.

Urban areas tend to have a much higher percentage of pupils with handicapping conditions (PHC's) and pupils with special educational needs (PSEN's) than other areas. Table A-10 indicates the negative impact of the "unduplicated" secondary weighting on the Big Five Cities and on the other city school districts in the State. Because of its high concentrations of PHC's and PSEN's, only 46 percent of New York City's 404,500 secondary pupils in average daily attendance in the 1976-77 school year will be eligible to receive the .25 additional secondary weighting. Buffalo and Rochester have an even lower percentage of their secondary pupils eligible for this weighting (38 percent and 39 percent respectively). The other 57 city school districts in the State have a larger proportion of their secondary pupils eligible for the secondary weighting (70 percent of their 140,600 pupils), but the average for the 376 suburban area districts (79 percent) and the 267 districts in the rest of the State (76 percent) is higher than the average for any of the city districts.

RECOMMENDATIONS:

The "unduplicated" secondary weighting under current law was a one-year compromise made in 1974 after the 1973-74 Task Force on State Aid for Elementary and Secondary Schools recommended implementation of the 1972 Fleischmann Commission proposal on elimination of secondary pupil weighting. Since 1974, the "one-year compromise" has been annually continued even though it discriminates against districts with high concentrations of pupils with handicapping conditions and pupils with special educational needs.

To achieve a school finance formula fairer to all districts the State of New York should either:

-- eliminate secondary weighting and redistribute the money now allocated to secondary weighting through other formula factors, or

-- weight all pupils in grades 7 - 12, whether or not they are also "weighted" for other reasons.

TABLE A-10: COMPARISON OF NUMBER OF PUPILS IN GRADES SEVEN THROUGH TWELVE IN AVERAGE DAILY ATTENDANCE IN THE 1976-77 SCHOOL YEAR WITH NUMBER OF 1976-77 PUPILS ELIGIBLE FOR THE ADDITIONAL .25 SECONDARY SCHOOL WEIGHTING FOR 1977-78 OPERATING AID APPORTIONMENT, BIG FIVE CITIES, OTHER CITIES, SUBURBAN AREAS AND REST OF STATE

Area	1976-77 Pupils in Grades 7-12 in Average Daily Attendance	1976-77 Pupils in Grades 7-12 Used for Additional Secondary Weighting for 1977-78 Operating Aid[a] (weighted at additional .25)	Pupils Eligible for Secondary Weighting as a Percent of all Pupils in Grades 7-12
	(in thousands)		
Big Five Cities	462.5	212.9[n]	46%
New York City	404.5	186.7	46
Buffalo	21.0	8.0	38
Rochester	14.1	5.5	39
Syracuse	10.6	5.7	54
Yonkers	12.3	6.9	56
Other Cities	140.6	99.8	71%
Suburban Areas	663.5	528.5	80%
Rest of State	161.8	123.1	76%
TOTAL STATE	1,428.3[n]	964.3	68%

[a] The number of pupils in grades 7 - 12 eligible for the additional .25 weighting for 1977-78 school year aid apportionment are pupils in average daily attendance in the 1976-77 school year who are not pupils with handicapping conditions and/or pupils with special educational needs.

[n] Does not add due to rounding.

SOURCE: Data on Big Five Cities based on 1977-78 State Aid Projections, Input/Output format, May 17, 1977. All other data based on estimates obtained from the State Education Department, May 24, 1977.

EVENING SCHOOL WEIGHTING

THE ISSUE:

State assistance for evening school was provided by Chapter 241 of the Laws of 1974 and has been a feature of the operating aid formula since then. Under current law, evening school pupils weighted .50 are counted as part of the total aidable pupil unit (TAPU) measure used to determine operating aid apportionment. The weighting is applied to the actual average daily attendance (without choice of attendance periods) of evening school pupils. "Evening school pupils" are defined as pupils who have not obtained a high school diploma and who are attending school during the evening hours in a program which has been approved by the Commissioner of Education and which leads to a diploma or an equivalency diploma.

In order to be eligible for the weighting, pupils must attend sessions which are at least equivalent of a half-day session, as defined by the Commissioner of Education.*

Evening school aid will account for .08 percent of New York State's estimated total payable operating aid apportionment of $2.39 billion for the 1977-78 school year. The number of districts claiming evening school aid has increased from 73 districts (with the five boroughs of New York City counted as individual districts) for the 1974-75 school year to an estimated 104 districts** for the 1977-78 school year.

As Table A-11 indicates, both the amount of evening school formula aid and the number of evening school pupils in actual average daily attendance have decreased since the inception of this aid program. In the 1974-75 school year, total evening school formula aid for the State was $2.66 million for 9,184 pupils (as measured by actual average daily attendance) who attended approved evening school courses

*Under the rules and regulations promulgated by the Commissioner of Education, districts may not claim pupils who attended evening school sessions that were less than 90 minutes in length. Furthermore, only half of the actual average daily attendance (ADA) of pupils attending evening school programs which were between 90 and 165 minutes per session may be claimed by districts, and evening school sessions of less than 180 days during the school year are prorated. The total ADA may be counted for pupils attending evening school sessions which are 165 minutes or more in length. The district's evening school average daily attendance, adjusted by the above limitations, is then weighted at .50 for purposes of operating aid apportionment.

**Includes four boroughs of New York City. Evening school aid was not claimed on behalf of the borough of Richmond.

TABLE A-11: TOTAL NEW YORK STATE EVENING SCHOOL FORMULA AID, AND NUMBER OF EVENING SCHOOL PUPILS IN AVERAGE DAILY ATTENDANCE (USED FOR COMPUTING EVENING SCHOOL AID APPORTIONMENT), 1974-75 TO 1977-78 SCHOOL YEARS

School Year	Amount of Evening School Formula Aid[a]	Number of Base Year Evening School Pupils in Average Daily Attendance[b]
A. TOTAL STATE		
1974-75	$2,665,000	9,184
1975-76	2,342,000	8,521
1976-77	2,123,000	9,040
1977-78	1,893,000	6,826
Change From 1974-75 to 1977-78:	-$ 772,000	-2,358
B. NEW YORK CITY		
1974-75	$2,197,000	7,666
1975-76	1,480,000	5,455
1976-77	1,203,000	5,139
1977-78	783,000	2,920
Change From 1974-75 to 1977-78:	-$1,414,000	-4,746
C. REST OF STATE		
1974-75	$ 468,000	1,518
1975-76	862,000	3,066
1976-77	920,000	3,901
1977-78	1,109,000	3,906
Change From 1974-75 to 1977-78:	+$ 642,000[n]	+2,388

[a] The amount generated by the formula for evening school aid is shown in this column. For example, the 236 districts with aid limited by the overall caps on operating aid increases for 1977-78 will not receive as much evening school aid as that generated by the formula, while the 347 districts receiving save-harmless aid payments in 1977-78 will be paid more than the amount generated by the formula.

[b] The number of evening school pupils in average daily attendance, with a weighting of .50, is the basis of evening school aid apportionment. The pupil count for aid apportionment utilizes "base year" pupils (the school year immediately preceding the school year in which aid is apportioned). For example, 1974-75 evening school aid is based on 1973-74 pupils.

[n] Total does not add due to rounding.

SOURCE: From State Education Department computer runs: General State Aid Summary 1974-75; SA 124 Report, Research Summary 1975-76, April 26, 1976; SA 124 Report, Research Summary 1976-77, July 5, 1977; and 1977-78 State Aid Projections, Input/Output format, May 17, 1977.

in the 1973-74 school year. It is estimated that in the 1977-78 school year, $1.89 million will be apportioned under the operating aid formula to New York State school districts based on 6,826 pupils who attended approved evening school programs in the 1976-77 school year.

The reason for the decline in evening school average daily attendance (ADA), and the related decrease in evening school aid, appears to be primarily attributable to cut-backs in the evening school programs of New York City. New York City claimed 7,666 evening school pupils (ADA) for the 1973-74 school year and was entitled to $2.20 million, or 82.4 percent, of all evening school formula aid apportioned in the 1974-75 school year. From 1973-74 to 1976-77, the number of aidable evening school pupils in New York City has decreased by 61.9 percent from 7,666 pupils in 1973-74 to 2,920 pupils in the 1976-77 school year. Thus, in the 1977-78 school year, it is estimated that New York City's formula evening school aid will be $.78 million (41.4 percent of all evening school aid). On the other hand, there has been a 157 percent increase in aidable evening school pupils in the rest of the State, from 1,518 pupils (ADA) in the 1973-74 school year to 3,906 pupils in the 1976-77 school year, and an increase in evening school aid from $.47 million in 1974-75 to $1.11 million in the 1977-78 school year.

It should be emphasized that not only does the total amount of evening school aid account for a very small percentage of the State's total operating aid, but the amount of evening school aid apportioned to eligible districts is, in general, minimal. As Table A-12 indicates, 66 of the 100 districts outside New York City claiming this aid in 1977-78, will generate less than $5,000 in total evening school formula aid.

Adult Continuing Education: According to the 1970 U. S. Census, there are approximately 5.21 million adults (20 years and older) who do not have a high school education, including 1.61 million with less than an eighth grade education and 241,000 with no formal education.*

The State will provide in the 1977-78 state fiscal year a total of $2 million in State grants for local high school education programs for adults (in addition to the $1.89 million aid apportionment generated by the evening school weighting for the 1977-78 school year).

* See State Education Department, Education Statistics, New York State: Prepared Especially for Members of the Legislature, January 1977, p. 15.

TABLE A-12: EVENING SCHOOL FORMULA AID CLAIMED BY DISTRICTS, EXCLUDING NEW YORK CITY, FOR THE 1977-78 SCHOOL YEAR

Amount of 1977-78 Estimated Evening School Formula Aid	Number of Districts (Excluding New York City)
$ 0 - 1,000	29
1,001 - 5,000	37
5,001 - 10,000	16
10,001 - 15,000	8
15,001 - 20,000	2
20,001 - 25,000	1
25,001 - 100,000	4
100,001 and above[a]	3
TOTAL	100

[a] Excluding New York City, Rochester is estimated to receive the greatest amount of 1977-78 evening school aid at $194,257.

SOURCE: Data from State Board of Equalization and Assessment computer run, June 1, 1977 based on data received from the State Education Department, May 24, 1977.

RECOMMENDATIONS:

School districts should be encouraged to conduct evening school programs for persons who do not have a high school diploma. It is, therefore, recommended that the current law additional .50 weighting for evening school pupils, as part of the pupil "needs" measure for determining operating aid apportionment, be continued.

It is further recommended that an additional evening school weighting of .50 be incorporated as part of the pupil measure used to determine the fiscal capacity of New York State school districts.

SUMMER SCHOOL WEIGHTING

THE ISSUE:

Summer school aid was provided by Chapter 241 of the Laws of 1974 and has been a feature of the operating aid formula since then. Under current law, summer school pupils weighted .12 are part of the total aidable pupil unit (TAPU) measure used to determine operating aid apportionment. The weighting is based on the actual average daily attendance of summer school pupils. In order to be eligible for the weighting, pupils must attend approved programs of instruction operated by the district during the months of July and August in accordance with the regulations promulgated by the Commissioner of Education.*

In 1976 there were 378 secondary schools and 99 elementary schools in the State conducting approved summer school programs according to data collected by the State Education Department's Bureaus of Secondary School Supervision and Elementary School Supervision.

Estimated state aid request data reported to the State Education Department show that 299 school districts including New York City (counted as one district) will claim summer school aid in the 1977-78 school year as compared to 279 districts in the 1974-75 school year. Summer school aid will account for .21 percent of New York State's estimated total payable operating aid apportionment of $2.39 billion for the 1977-78 school year.

The aid generated by the summer school weightings, as well as the actual average daily attendance (ADA) on which the weighting is based, has decreased since the 1974-75 school year. In 1974-75, summer school formula aid was $7.36 million and the number of 1973-74 summer school pupils on which aid was based was 97,242. In the 1977-78 school year, the summer school formula aid is estimated at $5.43 million, based on 68,158 pupils attending summer school in the summer of 1976. (See Table A-13.)

* Under the rules and regulations promulgated by the Commissioner of Education, districts may not claim pupils who attended summer school sessions that were less than 90 minutes in length. Furthermore, only half of the actual average daily attendance (ADA) of pupils attending summer school programs which were between 90 and 180 minutes per session may be claimed by districts, and summer school sessions of less than 30 days are prorated. The total ADA may be counted for pupils attending summer school sessions which are 180 minutes or more in length. The district's summer school average daily attendance, adjusted by the above limitations, is then weighted at .12 for purposes of operating aid apportionment.

TABLE A-13: TOTAL NEW YORK STATE SUMMER SCHOOL FORMULA AID, AND NUMBER OF SUMMER SCHOOL PUPILS IN AVERAGE DAILY ATTENDANCE (USED FOR COMPUTING SUMMER SCHOOL AID APPORTIONMENT), 1974-75 TO 1977-78 SCHOOL YEARS

School Year	Amount of Summer School Formula Aid[a]	Number of Base Year Summer School Pupils in Average Daily Attendance[b]
A. TOTAL STATE		
1974-75	$ 7,363,000	97,242
1975-76	6,881,000	96,083
1976-77	5,158,000	77,146
1977-78	5,430,000	68,158
Change From 1974-75 to 1977-78:	-$ 1,933,000	-29,084
B. NEW YORK CITY		
1974-75	$ 2,025,000	29,317
1975-76	1,980,000	29,766
1976-77	479,000	8,308
1977-78	358,000	5,292
Change From 1974-75 to 1977-78:	-$ 1,667,000	-24,025
C. REST OF STATE		
1974-75	$ 5,338,000	67,925
1975-76	4,901,000	66,317
1976-77	4,679,000	68,838
1977-78	5,072,000	62,866
Change From 1974-75 to 1977-78:	-$ 266,000	- 5,059

[a] The amount generated by the formula for summer school aid is shown in this column. For example, the 236 districts with aid limited by the overall caps on operating aid increases for 1977-78 will not receive as much summer school aid as that generated by the formula, while the 347 districts receiving save-harmless aid payments in 1977-78 will be paid more than the amount generated for formula aid.

[b] The number of summer school pupils in average daily attendance, with a weighting of .12, is the basis of summer school aid apportionment. The pupil count for aid apportionment utilizes "base year" pupils (the school year immediately preceding the school year in which aid is apportioned). For example, 1974-75 summer school aid is based on 1973-74 pupils.

SOURCE: From State Education Department computer runs: General State Aid Summary 1974-75; SA 124 Report, Research Summary 1975-76, April 27, 1976; SA 124 Report, Research Summary 1976-77, July 5, 1977; and 1977-78 State Aid Projections, Input/Output format, May 17, 1977.

As in the case of state assistance for the approved evening school programs, the decrease in summer school aid appears to be attributable to a cut-back in summer school programs in New York City. New York City claimed 29,317 pupils (ADA) for 1973-74 and received $2.03 million or 27.5 percent of the total summer school aid for the 1974-75 school year. In the 1975-76 school year, the number of pupils attending approved summer school programs decreased sharply to 8,308 and in the 1976-77 school year only 5,292 pupils attended New York City summer school programs. Based on the 1976-77 summer school pupils, it is estimated that New York City will only generate $.36 million or 6.6 percent of the total summer school formula aid for the 1977-78 school year. There has also been a decrease in the number of summer school pupils in ADA in the rest of the State during this same period. In the 1973-74 school year, there were 67,925 summer school pupils, while in the 1976-77 school year this number decreased to 62,866. Total summer school formula aid for districts outside of New York City decreased from $5.34 million in the 1974-75 school year to $5.07 million in the 1977-78 school year.

As can be noted from Table A-14, the amounts of summer school aid generated from the formula tend to be rather small on a district-by-district basis. It is estimated that of the 298 districts outside New York City which are eligible for summer school formula aid in the 1977-78 school year, 167 or 56 percent will receive $10,000 or less.

RECOMMENDATION:

It is recommended that the current law additional .12 weighting for summer school pupils as part of the TAPU measure for determining operating aid apportionment be continued.

TABLE A-14: SUMMER SCHOOL FORMULA AID CLAIMED BY DISTRICTS, EXCLUDING NEW YORK CITY, FOR THE 1977-78 SCHOOL YEAR

Amount of 1977-78 Estimated Summer School Formula Aid	Number of Districts (Excluding New York City)
$ 0 - 1,000	20
1,001 - 5,000	104
5,001 - 10,000	43
10,001 - 15,000	30
15,001 - 20,000	20
20,001 - 25,000	18
25,001 - 30,000	8
30,001 - 35,000	15
35,001 - 40,000	8
40,001 - 45,000	3
45,001 - 50,000	5
50,001 - 100,000	20
100,001 and above[a]	4
TOTAL	298

[a] Excluding New York City, Buffalo is estimated to receive the greatest amount of 1977-78 summer school aid at $187,000.

SOURCE: Data from State Board of Equalization and Assessment computer run, June 1, 1977 based on data received from the State Education Department, May 24, 1977.

OPERATING AID PAYMENTS TO DISTRICT OF RESIDENCE

THE ISSUE:

There are a number of districts both outside of and within New York State which send some of their resident pupils to public schools located in other New York districts. There are, for example, school districts bordering the State (such as Pennsylvania and Massachusetts) which send their pupils to New York State public schools. There are also small school districts which do not maintain a high school because of a small pupil population, and which, therefore, send their secondary school pupils to larger K-12 districts. These so-called "elementary" school districts number 28 in the State excluding the 13 districts affiliated with one of the four central high school districts in New York State.

When a school district sends its resident pupils to a school in another district, the "sending" district pays tuition to the "receiving" districts. The formulation of the wealth measure for purposes of state aid reflects a recognition of this expenditure, in that resident pupils (even if they attend school outside the district) are counted as part of the district's pupil wealth measure.

On the other hand, these pupils are not counted for purposes of operating aid apportionment to the sending district. Instead, the State counts these pupils in the pupil "needs" measure (called total aidable pupil units) of the receiving district. Total aidable pupil units, used for apportioning operating aid, are based on the actual average daily attendance (with certain adjustments and weightings) for all pupils who attend the school in the district. Thus, nonresident pupils are counted as part of the pupil measure used in determining a school district's operating aid.

In the case of the elementary school districts, which are wealthy because of a small population and large concentration of expensive income-producing land, the effect of this pupil-counting policy is to force the State to pay a portion of the tuition costs for pupils sent to poorer K-12 districts.

ACTION TAKEN:

Governor Carey's 1977-78 Executive Budget proposed a phase-in of full tuition payments by all sending districts. One of the 1977 Budget Bills proposed to amend current law so that the definition of "total aidable pupil unit" would be based on a resident pupil count (much as the pupil wealth measure is based on residency) beginning in the 1978-79 school year. Thus, under this proposal, the State would aid a district for each resident public school pupil (excluding full-time BOCES pupils) whether or not that pupil attended a New York State public school within the district.

For those pupils who attended schools in other districts, the sending district would then have to pay the full tuition cost to the receiving district. The fiscal incentive for making sure the receiving districts demanded full tuition from New York State sending districts and from all out-of-state districts would be that they would no longer receive per pupil operating aid for nonresident pupils attending school in the district.

While the Budget bill was never acted upon, the New York State Division of the Budget formally requested the State Education Department in April 1977 to begin administrative procedures for collecting the data on tuition pupils. These data were collected from school districts on 1977-78 state aid forms.

RECOMMENDATIONS:

It is recommended that beginning with the 1978-79 school year, New York State aids its school districts which send their resident pupils to other districts, by allocating per pupil operating aid for each districts on the basis of all resident pupils attending New York State public schools (exclusive of full-time BOCES pupils).

DECLINING ENROLLMENTS AND TOTAL SAVE-HARMLESS AID

THE ISSUE:

Statewide and Countywide Data: A problem which has faced both the nation and New York State, in recent years, is that of declining school enrollments.* After 20 years of accommodating school enrollment growth, due primarily to the post-World War II "baby boom", school districts throughout this State began to face the new phenomenon of decreasing student population, with its accompanying problems.

According to New York State Education Department projections, the decline in statewide enrollments, which began in the 1972-73 school year, will continue to the end of the 1980's, before there are signs of a reversal. Fall enrollment data released by the State Education Department show that public school enrollment in New York State reached its peak of 3,503,859 pupils in 1971. In the fall of 1975, total public school enrollment for New York State was 3,382,369 -- a statewide decline of 3.5 percent from the peak year. The Department's projections indicate that by the 1980-81 school year public school enrollments will have declined to fewer than 3,056,000 pupils, or 12.8 percent from the fall of 1971. (See Table A-15.)

Every county in New York State has experienced an enrollment decline from the total of its districts' peak year enrollments to their enrollments for the fall of 1975. Furthermore, 53 percent of the counties experienced a decline of over five percent in their public school enrollments from the peak year** to the fall 1975 enrollments. More specifically, out of the 57 counties in the State, plus New York City, 27 (including New York City) had a decline of total enrollments of less than five percent from their peak year, 23 counties had an enrollment decline between five and ten percent, and eight counties experienced an enrollment decrease of over ten percent. Nassau County, with a decline of 16.5 percent from its districts' peak year enrollments, experienced the greatest decrease of all New York State counties. (See Table A-16.)

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* For an analysis of the impact of declining enrollments in other states, see Allan Odden and Phillip E. Vincent, The Fiscal Impacts of Declining Enrollments: A Study of Declining Enrollments in Four States -- Michigan, Missouri, South Dakota and Washington. (Report No. F76-5), Denver: Education Commission of the States, December 1976.

** The highest public school enrollments in counties between the fall of 1967 and the fall of 1975 has been called "peak year" county enrollment for purposes of this report. There may be some counties, however, that have had greater enrollments in years prior to 1967.

(text continued on page 59.)

TABLE A-15: PUBLIC SCHOOL ENROLLMENTS IN NEW YORK STATE, FALL 1967 TO FALL 1980

Year	New York State Public School Enrollment[a]	Year	Projected New York State Public School Enrollment[a]
1967	3,325,477	1977	3,299,112
1968	3,397,413	1978	3,223,821
1969	3,442,809	1979	3,142,935
1970	3,489,245	1980	3,055,733
1971	3,503,859		
1972	3,474,392		
1973	3,427,560		
1974	3,401,636		
1975	3,382,369		
1976	3,307,231		

[a] Excludes BOCES enrollment.

SOURCE: Information Center on Education, State Education Department: Fall enrollment data for fall 1967 through 1976 are based on Survey of Enrollment, Staff and Schoolhousing, (fall 1967 through fall 1976); 1977 to 1980 projected fall enrollments are based on Projections of Public and Nonpublic School Enrollment, 1976-77 to 1990-91 and Projections of Public and Nonpublic High School Graduates, 1975-76 to 1985-86, Table 1.

TABLE A-16: COMPARISON OF NEW YORK STATE SCHOOL DISTRICTS FALL 1975 ENROLLMENT AND PEAK YEAR ENROLLMENT FROM FALL 1967 TO 1975, BY COUNTY

County	No. of Enrolled Pupils in Year of Highest Public School Enrollment (From Fall 1967 to 1975)	Fall 1975 Enrollment	Percent Difference Between Peak Year and Fall 1975 Enrollment
Albany	50,389	46,438	- 7.8%
Allegany	12,215	11,389	- 6.8
Broome	55,833	49,380	-11.6
Cattaraugus	22,978	21,473	- 6.5
Cayuga	17,360	16,436	- 5.3
Chautauqua	36,943	32,918	-10.9
Chemung	23,983	20,607	-14.1
Chenango	14,438	13,298	- 7.9
Clinton	20,350	18,745	- 7.9
Columbia	13,434	12,559	- 6.5
Cortland	10,810	10,329	- 4.4
Delaware	22,587	21,004	- 7.0
Dutchess	54,432	52,802	- 3.0
Erie	229,903	202,407	-12.0
Essex	7,625	6,805	-10.8
Franklin	12,249	11,812	- 3.6
Fulton	13,069	12,530	- 4.1
Genesee	14,982	14,409	- 3.8
Greene	8,932	8,839	- 1.0
Hamilton	1,203	1,091	- 9.3
Herkimer	16,525	15,306	- 7.4
Jefferson	22,664	20,839	- 8.1
Lewis	7,042	6,555	- 6.9
Livingston	12,314	12,043	- 2.2
Madison	17,321	16,519	- 4.6
Monroe	149,291	139,929	- 6.3
Montgomery	11,140	10,456	- 6.1
Nassau	337,857	282,175	-16.5
Niagara	58,254	50,793	-12.8
Oneida	60,765	55,424	- 8.8
Onondaga	107,645	99,654	- 7.4
Ontario	20,946	20,569	- 1.8
Orange	58,359	57,318	- 1.8
Orleans	10,492	10,022	- 4.5
Oswego	28,899	28,086	- 2.8

(continued)

TABLE A-16: COMPARISON OF NEW YORK STATE SCHOOL DISTRICTS FALL 1975 ENROLLMENT AND PEAK YEAR ENROLLMENT FROM FALL 1967 TO 1975, BY COUNTY (continued)

County	No. of Enrolled Pupils in Year of Highest Public School Enrollment (From Fall 1967 to 1975)	Fall 1975 Enrollment	Percent Difference Between Peak Year and Fall 1975 Enrollment
Otsego	12,150	11,409	- 6.1%
Putnam	17,082	16,993	- 0.5
Rensselaer	30,263	29,046	- 4.0
Rockland	62,052	59,642	- 3.9
St. Lawrence	28,479	27,251	- 4.3
Saratoga	39,269	38,563	- 1.8
Schenectady	32,007	28,728	-10.2
Schoharie	7,083	6,930	- 2.2
Schuyler	3,875	3,627	- 6.4
Seneca	8,093	7,442	- 8.0
Steuben	28,333	25,961	- 8.4
Suffolk	374,667	357,144	- 4.7
Sullivan	12,848	12,495	- 2.7
Tioga	13,479	12,853	- 4.6
Tompkins	16,662	15,923	- 4.4
Ulster	35,133	33,843	- 3.7
Warren	13,692	13,217	- 3.5
Washington	14,527	14,029	- 3.4
Wayne	23,712	22,376	- 5.6
Westchester	176,352	161,578	- 8.4
Wyoming	8,235	7,854	- 4.6
Yates	4,700	4,336	- 7.7
New York City	1,140,349	1,096,460	- 3.8
TOTAL STATE	3,503,859[a]	3,382,369	- 3.5%

[a] The State total for this column is not the sum of the counties' peak year enrollments from fall 1967 to 1975. Rather, it is the peak year enrollment (of 1971) for the State as a whole.

SOURCE: From computer run on enrollment data from peak year (fall 1967 to fall 1975) versus fall 1975 enrollments; State totals from Annual Educational Summary, 1973-74, Table 9, and Summary of Enrollment, Staff, and Schoolhousing, Fall 1975, Information Center on Education, State Education Department.

The Big Five Cities: Except for New York City, the largest cities in the State with populations of more than 125,000 have experienced public school enrollment declines of more than five percent from their peak year enrollments (fall 1967 to the present) to their fall 1975 enrollments. (See Table A-17.) Rochester (Monroe County) and Yonkers (Westchester County) experienced declines between five and 10 percent, Syracuse (Onondaga County) had an enrollment decline of over 12 percent, and Buffalo (Erie County) experienced a decrease in enrollment of over 20 percent. Furthermore, during this same period, these four cities experienced greater decreases in their public school enrollments than the average percentage declines of the counties in which they are located. Monroe County experienced a decrease in public school enrollment from its peak year of 6.3 percent; Westchester County, 8.4 percent; Onondaga County, 7.4 percent; and Erie County, 12.0 percent.

TABLE A-17: COMPARISON OF FALL 1975 ENROLLMENT AND PEAK YEAR ENROLLMENT FROM 1967 TO 1975 FOR THE STATE'S BIG FIVE CITIES

Big Five Cities	School Year of Highest Public School Enrollment (From Fall 1967 to 1975)	Number of Enrolled Pupils in Peak Year	Fall 1975 Enrollment	Percent Difference Between Peak Year and Fall 1975 Enrollment
New York City	1971-72	1,140,349	1,096,460	- 3.8%
Buffalo	1967-68	71,349	56,831	- 20.3
Rochester	1969-70	46,529	42,844	- 7.9
Syracuse	1967-68	30,571	26,771	- 12.4
Yonkers	1968-69	30,714	27,786	- 9.5

SOURCE: From computer run on enrollment data from peak year (fall 1967 to fall 1975) versus fall 1975 enrollments.

Save-Harmless and Declining Enrollments: The principle of "save-harmless" as applied to school finance (a school district may not receive less aid than it did in the previous year) has been a feature of New York State aid formulas for a number of years. Proponents for save-harmless argue that a district should be buffered from yearly decreases in its pupil population and/or increases in its full valuation; especially during a time -- such as the present -- when declining enrollments and inflationary trends in the economy have gained momentum. The major points of the argument for maintaining save-harmless are that recent inflation has, on one hand, increased property values so that districts "appear" to be wealthier than they actually are, and, on the other hand, increased costs so that more money must be spent on each pupil, even though the actual number of pupils in the district has decreased.

One of the major arguments against prolonged use of a save-harmless aid provision is that true equalization among school districts cannot occur as long as some districts are aided more generously than other districts of comparable wealth. Save-harmless aid provisions have protected some New York State districts for more than a decade. For example, even in 1973-74 some districts were aided under a section of law guaranteeing districts as much total general aid as they received in the 1965-66 school year plus other additions to this aid minimum. The 1974 statute provided that such districts would receive 105 percent of this 1965-66 general aid save-harmless amount as adjusted as an operating aid minimum guarantee.

Tables A-18 and A-19 give some indication of the relationship between declining enrollments and save-harmless aid.

There are two save-harmless provisions for operating aid in New York State: total save-harmless (the district receives the same total operating aid it received in the previous year) and per pupil save-harmless (the district receives the same operating aid on a per pupil basis as it received in the previous year). The intended purpose of total save-harmless was primarily to provide a buffer against the negative impact of declining enrollments. Its actual fiscal impact, however, is to increase the per pupil aid of a district experiencing enrollment declines.

The primary purpose of per pupil save-harmless aid, first enacted in 1974, was to provide a buffer against the impact of increases in full valuation per pupil which are virtually universal in a foundation formula that does not contain a self-adjusting provision.

To illustrate the impact of total save-harmless on a district with declining enrollments, a hypothetical case was

used in Table A-18, in which two districts (Districts I and II) had the same characteristics in a given year: i.e., the same full value per pupil, the same number of pupils for both the aid and wealth measures and therefore the same operating aid. In the second year, the only change is that District I decreases from 1,000 to 900 in the number of "aid" pupils.

In the second year, District I, which does not experience a change in FV/RWADA, will receive the same amount of aid per pupil generated by the operating aid formula ($450) as it did in the first year. However, the decrease in aid pupils from 1,000 to 900 results in a reduction of $45,000 in total aid for District I. ($450 x 900 pupils = $405,000.) Thus, the district will opt, in Year 2, for the total save-harmless provision, (i.e., the $450,000 it received in Year 1). Because of the decrease in the aid pupils, District I actually receives more operating aid per pupil under the total save-harmless option than it received in Year 1:

$$\frac{\text{Total payable aid based on total save-harmless}}{\text{Number of aid pupils}} = \frac{\$450,000}{900} = \$500 \text{ per pupil}$$

Thus, under the total save-harmless provision, District I's decrease in aid pupils has actually resulted in an increase of 11.11 percent in payable aid per pupil. On the other hand, a district, such as District II, which in Year 2 had 11.11 percent more "aid" pupils than District I, receives no increase in per pupil aid.

For a further discussion of some of the problems associated with the operating aid save-harmless provisions, see the staff study, State of New York Apportionment of Operating Aid for the 1977-78 School Year: A Complex Status Quo, (Education Unit, New York State Division of the Budget) September 1977.

Three sample districts were selected for Table A-19. Each of these districts experienced a more than 20 percent decline in enrollments since the 1967-68 school year. The districts selected also were at different full value per pupil levels. District A is the poorest of the three districts and had a full value per pupil (FV/RWADA), both for 1974-75 and 1977-78 aid purposes, which put it on a 15 mills foundation formula. (A brief explanation of the basic operating aid formulas used

(text continued on page 63.)

TABLE A-18: IMPACT OF TOTAL SAVE-HARMLESS ON TWO TYPES OF DISTRICTS

District I	District II
Year 1:	Year 1:
Number of wealth pupils = 1,000	Number of wealth pupils = 1,000
Number of aid pupils = 1,000	Number of aid pupils = 1,000
Full Valuation = $50,000,000	Full Valuation = $50,000,000
Full Value per pupil = $50,000	Full Value per pupil = $50,000
Operating Aid:	Operating Aid:
Formula aid per pupil[a] = $450	Formula aid per pupil[a] = $450
Total Payable Aid = $450,000	Total Payable Aid = $450,000
Payable Aid per pupil = $450	Payable Aid per pupil = $450
Year 2: (Assumes full valuation and wealth pupils remain the same for both districts, number of aid pupils remains the same in District II but decreases to 900 pupils in District I. In Year 3, District I's wealth pupils will also decline.)[b]	
Number of wealth pupils = 1,000	Number of wealth pupils = 1,000
Number of aid pupils = 900	Number of aid pupils = 1,000
Full Value per pupil = $50,000	Full Value per pupil = $50,000
Operating Aid:	Operating Aid:
Formula aid per pupil = $450	Formula aid per pupil = $450
Total Aid based on Formula = $405,000	Total Aid based on Formula = $450,000
Total Payable Aid (Based on total save-harmless) = $450,000	Total Payable Aid = $450,000
Payable Aid per pupil = $500	Payable Aid per pupil = $450
Percent change in payable operating aid per pupil from Year 1 to Year 2 = 11.11 percent	Percent change in payable operating aid per pupil from Year 1 to Year 2 = 0 percent

[a] Operating aid formula used is the 15 mill formula with a $1,200 per pupil operating expense ceiling: $1,200 - (.015 x FV/RWADA).

[b] The full valuation per pupil used for operating aid is two years immediately preceding the year in which aid is apportioned; the aid pupils used are based on pupils in attendance during the year immediately preceding the year in which operating aid is apportioned.

since 1974 is provided at the bottom of this page.)* District B has an increase in FV/RWADA which was large enough to move this district from the 15 mills formula for 1974-75 aid to the flat grant "taper" formula** for 1977-78 operating aid. District C was comparatively wealthy and was on the flat grant "taper" formula for both 1974-75 and 1977-78 operating aid.

The combination of increasing per pupil full valuation during the years 1972-73 to 1975-76 (the years on which 1974-75 and 1977-78 operating aid apportionment are based) and the large decrease in pupils for these districts have resulted in a very heavy reliance on total save-harmless aid provisions. For example, save-harmless moneys, which accounted for 18.5 percent of the payable operating aid apportioned to District A in the 1974-75 school year, is estimated to be 35.1 percent of the operating aid apportioned to this district for the 1977-78 school year. Districts B and C also show a large increase in the amount of payable operating aid attributed to save-harmless during this three-year period. (See Part 3 of Table A-19.) Had these districts not received aid under the total save-harmless aid provisions, their reduction in operating aid from 1974-75 to 1977-78 would have been very dramatic. District A would have had a decrease of 20.5 percent, District B of 29.0 percent and District C of 15.6 percent in their formula operating aid from 1974-75 aid levels. (See Part 4 of Table A-19.)

The recent declines in enrollments of the three sample districts helped to produce full valuation per pupil increases which are well above the 33.5 percent increase in the State average full value per pupil from $43,300 for 1974-75 aid purposes to $57,800 for 1977-78 aid purposes. (See Part 2 of Table A-19.)

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* Since the 1974-75 school year, operating aid has been apportioned as follows:

District Full Value Per Pupil (FV/RWADA)	Per Pupil Operating Aid Formulas
1974-75 to 1976-77 School Years:	
Less than $52,800	$1,200 - (.015 x FV/RWADA)
Between $52,800 and $101,000	$360 + .001 ($101,000 - Dist. FV/RWADA)
Over $101,000	$360
1977-78 School Year:	
Less than $67,071	$1,400 - (.015 x FV/RWADA)
Between $67,071 and $101,000	$360 + .001 ($101,000 - Dist. FV/RWADA)
Over $101,000	$360

**Flat grant "taper" is a short hand way of describing the second formula, described in the footnote above, for districts which had less than $101,000 full value per pupil.

(text continued on page 66.)

TABLE A-19: OPERATING AID PAYMENTS IN 1974-75 AND 1977-78 SCHOOL YEARS FOR THREE DISTRICTS WITH ENROLLMENT DECLINES OF MORE THAN 20 PERCENT SINCE THE 1967-68 SCHOOL YEAR

1. Sample Districts Experienced Enrollment Declines of More Than 15% by the 1973-74 School Year and More Than 9% Since 1973-74.

District (and peak enrollment year since 1967-68)[a]	Pupil Enrollment Levels			Percent Change in Enrollment		
	Peak Year	1973-74[b]	1976-77[c]	Peak Year to 1976-77	Peak Year to 1973-74	1973-74 to 1976-77
District A (1967-68)	3,061	2,442	2,211	-27.8%	-20.2%	- 9.5%
District B (1967-68)	12,164	9,927	8,560	-29.6	-18.4	-13.8
District C (1969-70)	9,325	7,826	6,947	-25.5	-16.1	-11.2

2. The Enrollment Declines Helped to Produce Jumps in Per Pupil Full Valuation Which Are Higher Than the State Average and Which Result in Larger Than Average Declines on Amounts of Formula Operating Aid Per Pupil.

District	Full Valuation Per Pupil (RWADA)[d]			Formula Operating Aid Per Pupil (TAPU)[e]		
	1974-75 Aid	1977-78 Aid	Percent Change	1974-75	1977-78	Percent Change
District A	$39,774	$57,960	45.7%	$603	$531	-11.9%
District B	48,433	70,335	45.2	474	390	-17.7
District C	58,789	90,049	53.2	402	370	- 8.0
STATE AVERAGE	$43,300	$57,800	33.5%	$551	$533	- 3.3%

[a] The school year in parenthesis is the year of highest enrollment from 1967-68 to the present; known as the peak year for purposes of this table.

[b] Pupil counts for the 1973-74 school year were used to determine aid apportionments for the 1974-75 school year.

[c] Pupil counts for the 1976-77 school year were used to determine aid apportionments for the 1977-78 school year.

[d] See page 19 for an explanation of the resident pupil measure used to determine a district's full value per RWADA.

[e] The three alternative operating aid formula options are listed in the footnote on page 63. Pupil units for aid apportionment (TAPU) are defined on page 27.

(continued)

TABLE A-19: OPERATING AID PAYMENTS IN 1974-75 AND 1977-78 SCHOOL YEARS FOR THREE DISTRICTS WITH ENROLLMENT DECLINES OF MORE THAN 20 PERCENT SINCE THE 1967-68 SCHOOL YEAR (continued)

3. All Sample Districts Received More Than 10% of Their Payable Operating Aid Under a Total Save-Harmless Option in 1974-75 and More Than 25% in 1977-78 School Year.

District	1974-75 School Year: Total Payable Operating Aid[f] (thousands)	1974-75 School Year: Save-Harmless as Percent of Payable Aid[g]	1977-78 School Year: Total Payable Operating Aid (thousands)	1977-78 School Year: Save-Harmless as Percent of Payable Aid
District A	$ 1,683	18.5%	$ 1,683	35.1%
District B	5,677	10.9	5,677	36.7
District C	3,851	12.8	3,851	26.3
TOTAL STATE	$2,223,449	No Data	$2,398,070	4.5%

4. Sample Districts Have a Loss in Total Formula Operating Aid of More Than 15% But an Increase in Payable Operating Aid Per Pupil of More Than 8%.

District	Percent Change in Formula Operating Aid,[h] 1974-75 to 1977-78 School Years	Payable Operating Aid Per Pupil (TAPU): 1974-75	1977-78	Percent Change
District A	- 20.5%	$739	$818	+ 10.7%
District B	- 29.0	531	661	+ 24.6
District C	- 15.6	461	502	+ 8.9
TOTAL STATE	+ 0.5%	$640	$701	+ 9.5%

[f] "Payable operating aid" is the amount actually paid to a district. A district selects the higher of its formula aid or the aid to which it is entitled under an operating aid save-harmless provision.

[g] All three sample districts have been aided since 1974-75 under an operating aid total save-harmless provision which guarantees them as much as they received in the previous school year.

[h] Formula aid is the total amount a district would receive as operating aid if save-harmless provisions did not exist.

SOURCE: 1974-75 school year data from 1974-75 general state aid summary, March 15, 1976, State Education Department; 1977-78 school year data from 1977-78 state aid projections, input/output format, May 17, 1977, State Education Department; and enrollment data from Information Center on Education, State Education Department.

Thus, the shift in relative wealth for these three districts produced a decrease in per pupil formula operating aid which was greater than the State average 3.3 percent decrease of $551 per pupil in 1974-75 to $533 per pupil in the 1977-78 school year. District A experienced a formula aid reduction of 11.9 percent; District B, a decrease of 17.7 percent; and District C, a decrease of 8.0 percent. Even though District C experienced the greatest increase in full value per pupil, it had the smallest decrease in formula operating aid among the sample districts because the flat grant "taper" formula, under which this district has received its formula aid since 1974-75, does not generate sharp decreases in formula aid as a district's relative wealth increases.

Because of the inclusion of save-harmless aid in payable operating aid, these three districts actually received increases in their per pupil payable operating aid from 1974-75 to 1977-78. (See Part 4 of Table A-19.)

Although their total operating aid allocations have remained unchanged since 1974, Districts A and B both are receiving per pupil increases which are greater than the State average increase of 9.5 percent from 1974-75 to 1977-78. District A's increase in per pupil operating aid was 10.7 percent and District B's, 24.6 percent. District C, the wealthiest of these districts and the district with the greatest increase in full value per pupil, is still receiving an increase of 8.9 percent in its per pupil payable operating aid from the 1974-75 to the 1977-78 school year.

RECOMMENDATIONS:

Declining enrollments have created adjustment difficulties for many New York State school districts. The argument that declining enrollment districts are unable to reduce fixed costs or to decrease the size of the total staff may have validity, on a short-term basis, when the annual changes are small.

However, given the long period of time that most districts have been experiencing declining enrollments and the size of these declines (approaching 50 percent in some districts), there is no justification for a State policy which aids districts on the basis of much older enrollment levels.

For many years now, the operating aid save-harmless provisions, especially total save-harmless, have allowed many districts to receive aid for pupils that do not exist. Districts receiving operating aid under a total save-harmless

provision, because of a decline in their number of pupils, generally receive more aid on a per pupil basis than districts of comparable wealth aided under a different formula option as Tables A-18 and A-19 indicate.

The reliance on save-harmless provisions by so many districts has meant the current operating aid formula has become almost nonfunctioning. By the 1976-77 school year, 98 percent of the districts were being paid according to either a per pupil or total save-harmless aid provision. In the 1977-78 school year, 347 districts (49 percent of all major districts) will be paid under a save-harmless option; the improvement reflects the increase in the state-local support level from $1,200 to $1,400 per pupil.

At the 1977 legislative session, both the State Board of Regents and Governor Carey proposed a change in the operating aid formula and a phase-out of save-harmless provisions. Neither of these proposals was enacted. The current inequities demand that great emphasis be placed on phasing out the present save-harmless options in the State operating aid formula.

PART II

OTHER MAJOR GENERAL STATE AID PROGRAMS

The five other major state aid programs, besides operating aid, are discussed in Part II.

BUILDING AID FOR LOCAL SCHOOL DISTRICTS..... 71

The aid ratio formula used to apportion building aid to school districts is explained in this section.

TRANSPORTATION AID..... 75

Included in this section is a brief discussion of the impact of the current transportation aid formula on sparsely populated areas and on districts which own their own buses.

OPERATING AID FOR BOARDS OF COOPERATIVE EDUCATIONAL SERVICES..... 79

There are two aid options available to school districts which are members of BOCES. The ramification of the two aid options on State spending and on equity among school districts is explored in this section.

SPECIAL SERVICES AID..... 85

The discussion in this section emphasizes the two aid components (occupational education and severely handicapped pupil aid) which make up Special Services Aid and the impact of the per pupil save-harmless provision which has been applicable to this aid option for the 1976-77 and 1977-78 school years.

HIGH TAX AID..... 93

After a description of the high tax aid formula, the impact of the save-harmless provisions for this aid formula is discussed.

BUILDING AID FOR LOCAL SCHOOL DISTRICTS

THE ISSUE:

State aid is provided to local school districts for the construction of new buildings and for additions, alterations and modernizations of buildings already in existence, in compliance with standards set by the New York State Education Department. Debt service payments on indebtedness incurred to finance building projects and cash payments for approved building expenditures are aidable items of expense.

The last major revision of New York State's building aid formula occurred in 1962. Building aid is based on the following aid ratio formula:

$$\text{Building Aid Ratio} = 1.00 - \left[\frac{\text{District's full value per resident pupil*}}{\text{State average full value per pupil*}} \times .51\right]$$

The resulting aid ratio is multiplied by the district's approved building expense to determine its building aid.

Within the aid ratio formula, .51 represents the local share factor. This means that a district of average wealth (i.e., one with the same full value per pupil as the State average) would finance 51 percent of the approved building expense out of local revenues with the State contributing the remaining 49 percent. As the full value per resident pupil of the district rises, the State's share becomes smaller, and vice versa. When a district's full value per resident pupil is less than the State average, the aid ratio can go up to .900. That is, the State will pay up to 90 percent of approved building costs for the poorest districts in the State. When the district has a higher full value per pupil than the State average, the ratio can go as low as .000. Graph B illustrates the highly equalizing nature of the building aid ratio formula.

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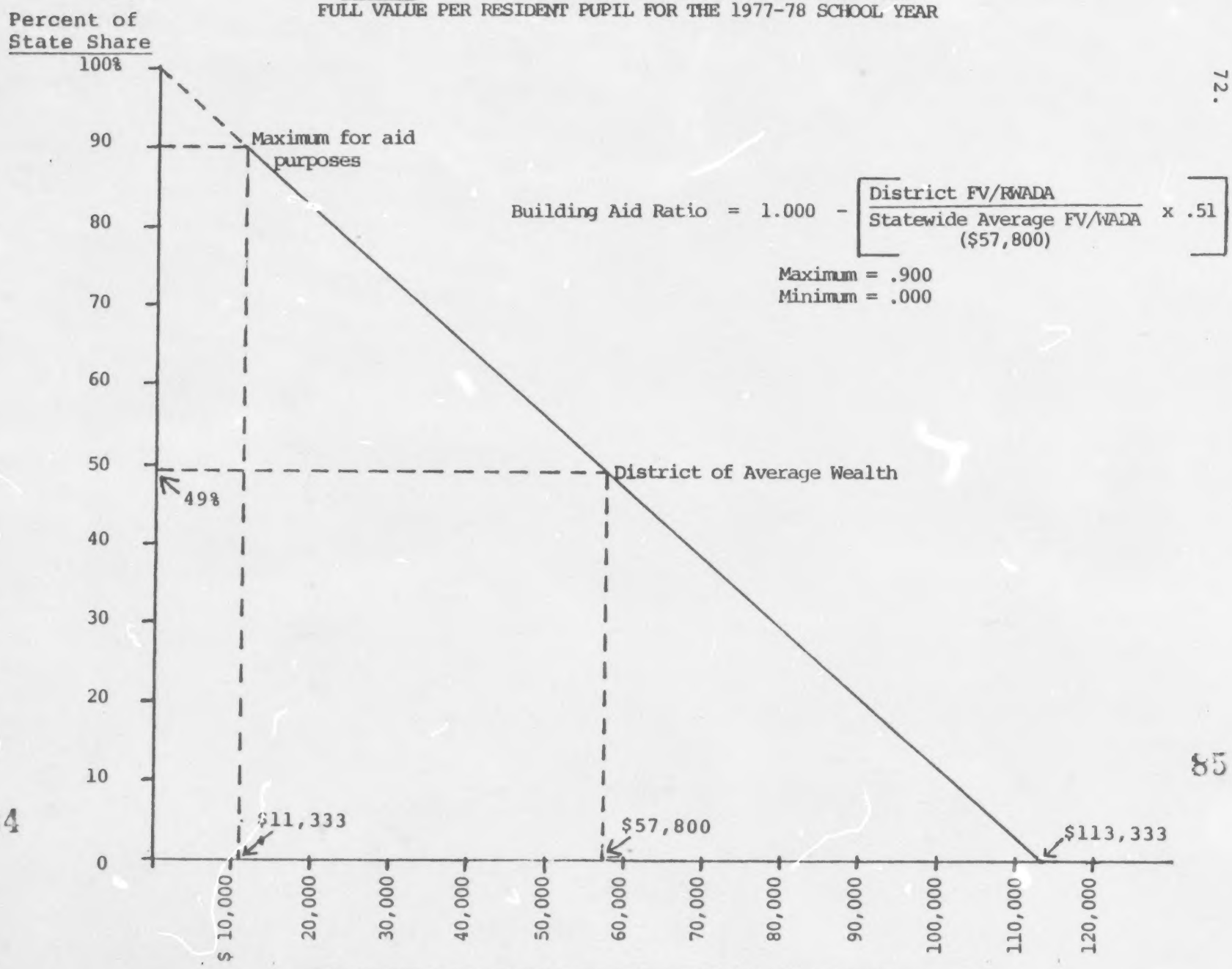
* The pupil measure for the "full value per resident pupil" (RWADA) is resident pupils in weighted average daily attendance based on the following weightings: .5 for 1/2-day Kindergarten; 1.00 for full-day Kindergarten through grade 6; and 1.25 for grades 7 through 12. In determining average daily attendance for the RWADA pupil count, a district may select its best 4 out of 8 or 5 out of 10 attendance periods. The pupil measure used for the State average full value per pupil is the pupil count for all districts as determined above.

For 1977-78 aid, 1975-76 full value per resident pupil is used. The State average full value per resident pupil for 1977-78 aid is $57,800.

GRAPH B: RELATIONSHIP BETWEEN BUILDING AID RATIO AND FULL VALUE PER RESIDENT PUPIL FOR THE 1977-78 SCHOOL YEAR



$$\text{Building Aid Ratio} = 1.000 - \left[\frac{\text{District FV/RWADA}}{\text{Statewide Average FV/WADA (\$57,800)}} \times .51\right]$$

Maximum = .900
Minimum = .000

TABLE B-1: BUILDING AID PAYABLE TO NEW YORK STATE SCHOOL DISTRICTS, 1971-72 TO 1977-78 SCHOOL YEARS

School Year	Total Building Aid[a]		
		Change From Previous Year	
	Amount	Amount	Percent
	----(in millions)-----		
1971-72	$ 210	--	---
1972-73	220	$10	4.8%
1973-74	222	2	.9
1974-75	233	11	5.0
1975-76	243	10	4.3
1976-77	246	3	1.2
1977-78	247	1	.4
Change From: 1971-72 to 1977-78	---	$37	17.6%

[a] Does not include Reorganization Incentive Building Aid.

SOURCE: Data for 1971-72 and 1972-73 school years from State Education Department, Understanding Financial Support of Public Schools, 1976-77.
Data for 1973-74 to 1977-78 school years from State Education Department estimates, submitted to the New York State Division of the Budget.

In the 1977-78 school year, districts with more than $113,333 full value per resident pupil will receive no aid under the current building aid formula.* Table B-1 indicates the total amount of building aid payable to New York State school districts from the 1971-72 to the 1977-78 school years. As can be noted from this table, there have been only minor annual fluctuations, especially since the 1975-76 school year.

RECOMMENDATION:

Because of the equalizing nature of the building aid formula, and because of its capacity to be self-adjusting, it is recommended that the present building aid formula be continued for the 1978-79 school year. However, continuing review of the definition of approved building expense and related factors is desireable.

* A few districts above $113,333 full value per resident pupil may receive a small amount of aid under a building aid save-harmless provision. However, this provision is applicable only to those districts for which construction or debt was authorized and approved prior to July 1, 1962, and for which aid was previously available under the provisions of section 1806 of the New York State Education Law. (Section 1806 was repealed in 1963.)

TRANSPORTATION AID

THE ISSUE:

Current Law Provisions: Since the 1962-63 school year, transportation aid has equalled 90 percent of a district's approved transportation expenses. Approved transportation expenses are those incurred in transporting all pupils living over 1.5 miles from school to and from school once daily. They include expenditures for the operation of buses owned or leased by the district, buses provided under a service contract, and public service (common carrier) buses.

Table B-2 indicates the total transportation aid payable to school districts from the 1971-72 to the 1977-78 school year.

Criticisms of the Current Transportation Aid Formula: The current transportation aid formula and the present complex definition of approved transportation expense have been subject to many different types of criticism in recent years.

- The transportation aid formula does not take into account the fiscal capacity of the local school district. Whether a district is wealthy or poor, it still is reimbursed for 90 percent of its approved transportation expense. Some observers, therefore, argue that this makes transportation aid one of the least equalizing public school aid formulas; others assert that all education aid formulas should be fashioned after transportation aid with the State aiding a high proportion of approved district expenses.

- Sparsely populated school districts have higher per pupil transportation expenses than densely populated districts. The transportation aid formula does not take into account the higher per pupil costs of transporting pupils in sparsely populated areas. Thus, the ten percent local share factor is more burdensome to districts in sparsely populated areas.

- School districts which contract their transportation services are treated differently under the transportation aid provisions than school districts which own their buses. Most school districts in New York State either own their own buses or contract with an outside firm to bus pupils to and from school.

Approved transportation expense for districts which contract this service include administrative costs, overhead costs, capital costs and operating costs (labor, fuel, etc.). Thus, contracting districts are reimbursed for 90 percent of their approved contract costs.

The last point has been controversial for several years because of nonaidable transportation costs incurred by districts which own their own buses. These include bus driver fringe benefits, the transportation supervisor's salary, and the cost of collision insurance. Because the State provides 90 percent of approved transportation costs, districts which own their buses will be reimbursed at a lower percentage of their total transportation expense than districts which contract for this service.

Thus, under current law, a district which could have a more efficient, economical and versatile transportation system by owning its own buses, may be discouraged from doing so because it would save itself money by contracting for school bus transportation.

TABLE 3-2: TRANSPORTATION AID PAYABLE TO NEW YORK STATE SCHOOL DISTRICTS, 1971-72 TO 1977-78 SCHOOL YEARS

School Year	Total Transportation Aid		
	Amount	Change from Previous Year	
		Amount	Percent
	(in millions)		
1971-72	$155	---	---
1972-73	169	$ 14	9.0%
1973-74	183	14	8.3
1974-75	194	11	6.0
1975-76	223	29	15.0
1976-77	259	36	16.1
1977-78	274	15	5.8
Change From:			
1971-72 to 1977-78	---	$119	76.8%

SOURCE: New York State Education Department estimates of December 1, 1976 and estimates for 1977-78 New York State Executive Budget, May, 1977.

1977 Legislative Proposals: As an incentive to control costs at the local level, Governor Carey's 1977-78 Executive Budget proposed a new transportation aid formula using an aid ratio based on a district's full value per pupil. Under this formula, a district of average wealth would have received State aid for 75 percent of its approved transportation expense. A formula adjustment for districts with low population density was also included. However, the Budget bill incorporating these reforms was not acted upon during the 1977 legislative session.

The education bill which was signed into law (Chapter 71 of the Laws of 1977) did, however, provide for a means of controlling both transportation expenditures and aid beginning in the 1978-79 school year. Chapter 71 provides a seven percent limit on increases both in a district's transportation aid and gross transportation expenditures from its aid and expenditure levels of the previous year.*

RECOMMENDATIONS:

With the State reimbursing 90 percent of the approved transportation expenses of school districts, transportation aid has increased rapidly. From the 1971-72 to the 1977-78 school year, total transportation aid has increased by 77 percent. The limits on increases in transportation aid and gross transportation expenses included in Chapter 71 of the Laws of 1977 represent a significant step toward containment of transportation costs.

The definition of approved transportation expense is currently so complex that it leads to local transportation policy decisions which are designed to maximize aid, even when such decisions may not be best from the viewpoint of efficiency or educational effectiveness. Indeed, the current transportation aid formula rewards local districts which contract for transportation service instead of owning their own buses even when the total overall cost of district-owned transportation may be less. In light of these problems, it is recommended that priority be given to future revisions in the transportation aid formula.

* These limits on aid and expense increases exclude transportation expense and aid required and authorized for handicapped pupils as well as other expenditures and items excluded pursuant to the regulations adopted by the Commissioner of Education and approved by the Director of the Budget.

OPERATING AID FOR BOARDS OF COOPERATIVE EDUCATIONAL SERVICES

THE ISSUE:

Boards of Cooperative Educational Services are intermediate-type districts which have existed in New York State since World War II. These regional districts, popularly known as BOCES, are headed by a district superintendent who is appointed by the BOCES Board of Education with approval of the State Education Commissioner, and the salary for each district superintendent includes $17,000 from the State of New York.

BOCES provide educational programs (such as occupational education, and special education programs for pupils with handicapping conditions) and services (such as computer services) for participating school districts. School districts elect to join a BOCES, and at the present time, all but 16 major school districts (excluding the Big Five Cities) are BOCES members. The Big Five Cities are not permitted to create or join a BOCES.*

Under existing law, school districts may choose either of two formulas to determine aid for programs and services operated by BOCES (BOCES operating aid). In either event, no aid will be paid on that portion of a BOCES employee's salary which exceeds $9,500.

Current Law Provisions: There are two alternative formulas for calculating BOCES aid. School districts can either calculate their aid by using an aid ratio formula similar to the building aid formula, or they can calculate their aid by using a formula which, for purposes of this report, will be called a "millage-type" formula.

The first alternative formula for BOCES operating aid is based on an aid ratio, as follows:

Alternative #1:

$$\text{BOCES AID RATIO} = 1.000 - \left[\frac{\text{District Full Value per Resident Pupil}}{\text{State Average Full Value Per Pupil } (\$57{,}800)} \times .51\right]$$

(minimum = .360)
(maximum = .900)

BOCES Aid Ratio x Approved Expense = BOCES Aid

* In lieu of BOCES aid, the Big Five Cities receive special services aid for their occupational education programs for pupils in grades 10 to 12 and for special education programs for pupils with severely handicapping conditions. See section on Special Services aid.

The BOCES aid ratio* is the same as the building aid ratio (see section on Building Aid for Local School Districts). The only difference between the way the aid ratio is used in these two formulas is that in the BOCES aid formula, there is a minimum guarantee for districts with aid ratios below .360. This means that districts with per pupil full valuations of $72,250 and above for 1977-78 aid will receive a minimum of 36 percent of their approved BOCES expense.

Like building aid, the BOCES aid formula also has a maximum limit of .900. This means that districts with very low per pupil full valuations cannot receive more than 90 percent of their approved BOCES expense. For 1977-78 aid, this limitation will be placed on the BOCES aid to be received by all eligible districts with per pupil full valuations below $11,333.

The other formula, which districts may choose to use to determine their BOCES aid, is as follows:

Alternative #2:

$$\left[1 - \frac{\text{eight mills}}{\text{school district full value tax rate}}\right] \times \text{approved expense} = \text{BOCES Aid}$$

One "mill" is equal to 1/10th of a cent or .001. Thus, an eight mill tax rate is another way of describing an $8.00 per thousand full value tax rate. This formula factor is divided by a computed full value tax rate of the school district as expressed in mills. The full value tax rate used as the divisor for 1977-78 BOCES aid was derived by calculating a 1976-77 levy based on property and nonproperty tax revenues (excluding property taxes cancelled, library tax and former district indebtedness tax) and dividing by the district's 1975 full valuation.

* In the BOCES aid ratio formula, the pupil measure in "full value per resident pupil"(RWADA) is based on average daily attendance with the following weightings: .5 for 1/2 day Kindergarten; 1.00 for full-day Kindergarten through grade 6; and 1.25 for grades 7 through 12. In determining average daily attendance for the RWADA pupil count, a district may select its best four out of eight or five out of ten attendance periods. The pupil measure used for the State average full value per pupil is the pupil count for all districts as determined above.

For 1977-78 aid apportionment, the law provides for use of 1975-76 full valuation per resident pupil. The State average full value per pupil for 1977-78 aid apportionment is $57,800.

An illustration of how the two formulas operate is provided below:

	District A (Low Wealth)[a]	District B (High Wealth)[b]
Full Value Per Resident Pupil	$25,000	$114,000
Full Value Tax Rate Per $1,000	$ 32	$ 27
Aid Ratio (without minimum guarantee)	.779	.000
Percent of Expense Under Alternative #1: Aid Ratio	77.9%	36.0%
Percent of Expense Under Alternative #2: 8 "mills"	75.0%	70.4%

[a] Receives aid under BOCES aid ratio formula.

[b] Receives aid under "8 mills" alternative.

As the illustration indicates, a district with a high full value per pupil will tend to be better off using the second rather than the first alternative. A very wealthy district with, for example, $114,000 full value per pupil for 1977-78 aid would have an aid ratio of .000 (there are no negative aid ratios). Under the BOCES aid ratio formula minimum guarantee provision, this district would still receive 36 percent of its approved BOCES expense. However, a wealthy district such as this, with a full value tax rate of $27 per thousand, would receive 70 percent of its approved BOCES expense if the Alternative #2 (the 8 "mills" formula) were used.

On the other hand, a low-wealth district with a $25,000 full value per pupil would have an aid ratio of .779 for 1977-78 aid which would mean that it would receive 77.9 percent of its approved BOCES expense. If this same district had a $32 full value tax rate per $1,000 and the 8 "mills" formula were used instead, it would receive 75 percent of its approved BOCES expense. Thus, a district of this type would receive slightly more aid using Alternative #1 rather than Alternative #2.

Table B-3 indicates the total BOCES aid payable to school districts from the 1971-72 to the 1977-78 school years. BOCES aid, as shown on the table, includes BOCES operating aid which is determined by the two alternative formulas described previously and BOCES facilities aid which is determined by an aid ratio formula that is the same as the building aid formula. BOCES operating aid accounts for a great part of total BOCES aid. As the table indicates, total BOCES aid has increased 65 percent from the 1971-72 to the 1977-78 school year. The $4 million decrease in BOCES aid from the 1975-76 to the 1976-77 school year was solely based on a decrease in BOCES facilities aid.

TABLE B-3: BOCES AID PAYABLE TO NEW YORK STATE SCHOOL DISTRICTS, 1971-72 to 1977-78 SCHOOL YEARS

School Year	Total BOCES Aid[a]		
	Amount	Change from Previous Year	
		Amount	Percent
	(in millions)		
1971-72	$ 85	—	—
1972-73	97	$ 12	14.1%
1973-74	107	10	10.3
1974-75	126	19	17.8
1975-76	141	15	11.9
1976-77	137	- 4	- 2.8
1977-78	140	3	2.2
Change From: 1971-72 to 1977-78	—	$ 55	64.7%

[a] Total BOCES aid includes both BOCES operating aid and BOCES facilities aid. The great proportion of BOCES aid is aid for operating expenses. For example, in the 1977-78 school year, BOCES operating aid accounts for $126 million of the total $140 million.

SOURCE: New York State Education Department and 1977-78 New York State Executive Budget. The estimate for the 1977-78 school year was the official estimate provided to the Budget Division by the State Education Department in May 1977.

RECOMMENDATIONS:

Of the major aid components, BOCES aid is second only to transportation aid in sharp yearly increases in total aid to school districts. For several years, districts have been permitted to choose the more lucrative of two formulas, thus leading to inequities in the distribution of BOCES aid among districts.

Use of the aid ratio formula only would provide a more equitable distribution of moneys. The minimum guarantee in this aid ratio formula would ensure that wealthier districts be reimbursed by the State for at least 36 percent of their approved BOCES expense -- a higher minimum level than the guarantee for operating aid. The operating aid formula for 1977-78 provides the wealthiest districts with a per pupil minimum guarantee of $360, which is equal to 25.7 percent of the State's $1,400 state-local support level for approved operating expense.

In the 1977-78 Executive Budget, Governor Carey recommended the BOCES aid millage formula be phased out over a three-year period. The Budget bill incorporating this reform was, however, not acted upon during the 1977 legislative session.

The phase-out of the BOCES millage formula option should be given priority as the State seeks to move to a more equitable system for apportionment of public school aid. To protect poorer districts with disapportionately high tax rates which have been using the BOCES millage formula, efforts should be made to first phase out this aid option for districts which are wealthier than the State or regional average.

SPECIAL SERVICES AID

THE ISSUE:

Historical Background: The State's five largest cities, New York City, Buffalo, Rochester, Syracuse and Yonkers, are not currently eligible to join BOCES or to receive BOCES aid. In lieu of BOCES aid, the 1973-74 Task Force on State Aid for Elementary and Secondary Schools recommended, and the 1974 Legislature enacted, a measure providing special services aid to the Big Five Cities. The purpose of special services aid is to provide financial assistance for the special educational programs conducted by these cities for pupils enrolled in secondary occupational education programs and for pupils with severely handicapping conditions.

The special services aid statute for occupational education provides that a "Big Five" city will receive additional aid for each pupil in grades 10 to 12 attending an occupational education program as defined by the Commissioner of Education with the approval of the Director of the Budget. The formula for apportioning such additional aid for the 1974-75 school year was:

$1,200 - .015 (District FV/RWADA)

Beginning in the 1975-76 school year, the per pupil expense ceiling for the occupational education component of special services aid has been $1,400 per pupil.

Special services aid for pupils with severely handicapping conditions is restricted to those pupils who are trainable mentally retarded, severely crippled and health impaired, severely hearing impaired, severely emotionally disturbed or multiply handicapped, as defined by the Commissioner of Education with the approval of the Budget Director. To be eligible for this aid, these pupils must attend special schools operated by the school district or by other public or private facilities which are contracted by the school districts. Pupils who are counted for this aid may not receive the 2.00 weighting for pupils with handicapping conditions used as part of the TAPU measure for general operating aid apportionment.

The 1973-74 Task Force on State Aid for Elementary and Secondary Schools determined that the approved expense ceiling for pupils with severely handicapping conditions eligible for special services aid should be $3,000. Thus the special services aid formula, on a per pupil basis, for pupils with severely handicapping conditions was:

$3,000 - .015 (District FV/RWADA)

In 1975, the expense ceiling was raised from $3,000 to $4,000 per pupil beginning with the 1975-76 school year.

The legislature enacted one-year, per pupil save-harmless provisions for special services aid for both the 1976-77 and 1977-78 school years. This means that none of the Big Five Cities will have their special services aid reduced on a per pupil basis because of increases in their full valuations per pupil.

Impact of Special Services Aid Programs: Special services aid has more than doubled since its inception in the 1974-75 school year. As Table B-4 indicates, New York City is the district which experienced the greatest percentage increase under this aid program -- 128.3 percent from $25.24 million in the 1974-75 school year to an estimated $57.61 million for 1977-78. New York City, which has the greatest number of occupational education pupils and pupils with severely handicapping conditions, will receive 82 percent of all special services aid payments for the 1977-78 school year.

Since the special services aid program began, the number of pupils eligible for occupational education aid has increased by 13 percent. However, the number of pupils eligible for the severely handicapped pupil aid has grown by 72 percent with largest increases occurring in New York City and Buffalo -- 82 percent and 78 percent respectively (see Table B-5).

Increases in occupational education and severely handicapped aid have been much greater than the increases in the number of eligible pupils in these aid categories. As Table B-6 indicates, overall aid for occupational education pupils in the Big Five Cities has increased by 51 percent from the 1974-75 to the 1977-78 school year, and severely handicapped pupil aid has increased by 145 percent. The largest increases in severely handicapped pupil aid during this period were New York City with a 161 percent increase and Buffalo with a 146 percent increase.

As noted previously, a per pupil save-harmless provision for special services aid has operated for the 1976-77 and 1977-78 school years. For both of these school years, the apportionment for all the Big Five Cities has been based on the per pupil save-harmless rather than on the special services aid formulas. Table B-7 compares what each of the Big Five Cities will be receiving in payable special services aid, based on per pupil save-harmless, with what they would have received had the save-harmless provisions not been re-enacted for the 1977-78 school year. These cities would have been apportioned a total of $64.16 million in special services aid had they been paid by the formula, instead of the $70.21 million that they are estimated to receive pursuant to the per pupil save-harmless provision. New York City, for example, would have received an estimated $5 million less if the per pupil save-harmless were not in effect.

(text continued on page 91.)

TABLE B-4: SPECIAL SERVICES AID FOR THE BIG FIVE CITIES, 1974-75 TO 1977-78 SCHOOL YEAR

Big Five Cities	Total Special Services Aid[a]				Percent Increase in Special Services Aid From 1974-75 to 1977-78
	1974-75	1975-76	1976-77	1977-78[b]	
	(in millions)				
New York City	$25.24	$42.85	$49.27	$57.61	128.3%
Buffalo	3.05	4.75	4.72	5.06	65.9
Rochester	2.58	3.66	3.75	4.02	55.8
Syracuse	1.72	1.95	2.01	2.28	32.6
Yonkers	.68	.98	1.08	1.24	82.4
TOTAL	$33.27	$54.19	$60.83	$70.21	111.0%

[a] Includes occupational education aid for pupils in grades 10-12 and aid for pupils with severely handicapping conditions in grades K-12.

[b] Estimated.

SOURCE: 1974-75 and 1975-76 data based on information received by the Division of the Budget from the State Education Department, July 12, 1977; 1976-77 and 1977-78 data from State Education Department computer tape of May 24, 1977.

TABLE B-5: NUMBER OF PUPILS IN OCCUPATIONAL EDUCATION PROGRAMS AND PUPILS WITH SEVERELY HANDICAPPING CONDITIONS ON WHOM SPECIAL SERVICES AID FOR BIG FIVE CITIES IS BASED, 1973-74 AND 1976-77 SCHOOL YEARS[a]

Big Five Cities	Number of Pupils in Average Daily Attendance Eligible for Special Services Aid				Percent Change in Pupils, 1973-74 to 1976-77	
	1973-74		1976-77[b]			
	Occupational Education	Severely Handicapped	Occupational Education	Severely Handicapped	Occupational Education	Severely Handicapped
New York City[c]	28,650	8,275	32,990	15,030	15%	82%
Buffalo	3,046	329	3,337	584	10	78
Rochester	1,978	750	2,100	850	6	13
Syracuse	1,098	458	928	475	-15	4
Yonkers	725	234	900	295	24	26
TOTAL	35,497	10,046	40,255	17,234	13%	72%

[a] Special services aid is based on the number of pupils in grades 10 - 12 in occupational education programs and pupils with severely handicapping conditions in average daily attendance in the school year immediately preceding the year in which aid is apportioned (i.e., the base year). For example, eligible pupils in average daily attendance in 1974-75 are the basis for special services aid apportioned in the 1975-76 school year.

[b] Estimated.

[c] Data for New York City is unaudited.

SOURCE: 1973-74 data based on information received by the New York State Division of the Budget from the State Education Department. 1976-77 data based on the State Education Department computer tape of May 24, 1977.

TABLE B-6: AID COMPONENTS FOR OCCUPATIONAL EDUCATION[a] AND PUPILS WITH SEVERELY HANDICAPPING CONDITIONS[b] AS PART OF SPECIAL SERVICES AID FOR THE BIG FIVE CITIES, 1974-75 AND 1977-78 SCHOOL YEARS

Big Five Cities	1974-75 Aid		1977-78 Aid[c]		Percentage Change in Aid, 1974-75 to 1977-78	
	Occupational Education	Severely Handicapped	Occupational Education	Severely Handicapped	Occupational Education	Severely Handicapped
	(in millions)					
New York City[d]	$ 8.03	$17.21	$12.73	$44.88	59%	161%
Buffalo	2.22	.83	3.01	2.04	36	146
Rochester	.89	1.69	1.29	2.73	45	62
Syracuse	.63	1.09	.69	1.59	10	46
Yonkers	.19	.48	.36	.88	89	83
TOTAL	$11.97[n]	$21.30	$18.08	$52.12	51%	145%

[a] "Occupational Education Aid" refers to that part of the special services aid based on pupils in grades 10 - 12 in occupational education programs. See beginning of this section for the formula used to determine apportionment based on this aid component, and the per pupil save-harmless provision affecting 1977-78 apportionment.

[b] "Severely Handicapped Aid" refers to that part of the special services aid based on pupils with severely handicapping conditions in grades K-12. See beginning of this section for the formula used to determine apportionment based on this aid component and the per pupil save-harmless provision affecting 1977-78 aid apportionment.

[c] Estimated.

[d] Data for New York City is unaudited.

[n] Does not add due to rounding.

SOURCE: 1974-75 data based on information received by the New York State Division of the Budget from the State Education Department, July 12, 1977; and 1977-78 data from a State Education Department computer tape of May 24, 1977.

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TABLE B-7: COMPARISON OF PAYABLE SPECIAL SERVICES AID (UNDER PER PUPIL SAVE-HARMLESS PROVISION) WITH FORMULA SPECIAL SERVICES AID FOR BIG FIVE CITIES, 1977-78 SCHOOL YEAR

Big Five Cities	Full Value Per Pupil for 1977-78 Aid Apportionment[a]	Total Special Services Aid		Difference Between Payable and Formula Special Services Aid
		Payable[b]	Formula[c]	
		(in millions)		
New York City	$74,555	$57.61	$52.62	$4.99
Buffalo	42,350	5.06	4.52	.54
Rochester	56,331	4.02	3.85	.17
Syracuse	48,829	2.28	2.17	.11
Yonkers	80,391	1.24	1.00	.24
TOTAL	—	$70.21	$64.16	$6.05

[a] 1975-76 full value per resident pupil (FV/RWADA) is the wealth measure used for 1977-78 aid apportionment under the special services formula.

[b] 1977-78 payable special services aid to the Big Five Cities is based on a one-year per pupil save-harmless provision, first enacted for the 1976-77 school year and reenacted for the 1977-78 school year.

[c] 1977-78 formula special services aid was computed using the appropriate formulas for occupational education and severely handicapped aid described in the beginning of this section. Formula special services aid is what the Big Five Cities would have been apportioned in 1977-78 if the per pupil save-harmless provision had not been in effect.

SOURCE: The full value per pupil data in column 1 (FV/RWADA) are from State Aid Projections, Input/Output format, May 17, 1977. 1977-78 payable special services aid is from the State Education Department computer tape of May 24, 1977.

Other City Districts Outside of BOCES: Nine out of the 16 districts which have not elected to join BOCES are city school districts.* Each of these districts has its own reasons for electing not to join BOCES. As a consequence, however, none of the 16 districts conducting occupational education programs for grades 10 - 12 or programs for pupils with severely handicapping conditions is receiving State assistance in the form of BOCES or another equivalent aid, such as special services aid.

In 1976, and again in 1977, a bill was passed by the Legislature which would, in effect, have provided special services aid to the City of Niagara Falls. Governor Carey vetoed this bill both times on the grounds that the bill would single out one district for special treatment. He stated in Disapproval Memorandum No. 61 of 1977 that "the appropriate manner in which to address the resolution of these problems is by general legislation, and not by special legislation..."

RECOMMENDATIONS:

A thorough reevaluation of special services aid would be appropriate, especially regarding the actual costs of providing special educational programs for pupils with severely handicapping conditions.

The special services aid formulas were originally designed to parallel the basic foundation-type formula used for operating aid since the 1974-75 school year. It is recommended that the formulas for special services aid be reevaluated in light of any future changes in the general operating aid formula.

When the special services aid formula is reexamined, the particular needs of all large city districts should be carefully considered. Recommendations related to their needs should be developed, if it is deemed appropriate.

* These districts are Albany, Lackawanna, Amsterdam, Niagara Falls, Utica, Troy, Mt. Vernon, New Rochelle and White Plains.

HIGH TAX AID

THE ISSUE:

Basic Current Law Formula: For several years, New York State has provided "high tax" aid for low-wealth districts with high full value tax rates. School districts with less than $40,000 full value per resident pupil and local tax rates that are more than $24.00 per thousand of full valuation, are eligible for aid under the current high tax aid formula. (It should be emphasized, however, that since the 1975-76 school year, a total save-harmless option has been in effect. The ramifications of the save-harmless provision are discussed later in this section.)

The basic current law high tax aid formula for the 1977-78 school year is as follows:

$$\left[1 - \frac{\text{District full value per resident pupil*}}{\$40{,}000}\right] \times \$90 \times \text{percent payable} = \text{High tax aid per pupil}$$

The "percent payable" is specified in law and limits the amount of high tax aid payable to districts with tax rates between $24.00 and $29.89 per thousand full valuation.** Districts with full value tax rates of more than $29.90 per thousand have a percent payable factor of 100 percent.

The per pupil high tax aid is multiplied by the total aidable pupil units in the school district to determine the total aid apportionment for the district.

The high tax aid formula enacted for the 1974-75 school year replaced an earlier formula for districts with high tax rates. It was a one-year provision, but it has been reenacted for each subsequent school year through 1977-78. The only change in the formula occurred in the 1975 legislative session, when the dollar factor was increased from $80 to $90. This $90 factor has been annually continued from the 1975-76 to the 1977-78 school year.

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* The pupil measure in "full value per resident pupil" (RWADA) is based on average daily attendance with the following weightings: .5 for 1/2 day Kindergarten; 1.00 for full-day Kindergarten through grade 6; and 1.25 for grades 7 through 12. In determining average daily attendance for the RWADA pupil count, a district may select its best four out of eight or five out of ten attendance periods.

** For 1977-78 aid purposes, the tax rate is computed by dividing the district's total tax revenues (real property and nonproperty) for the base year (1976-77) by the full valuation of the year prior to the base year (1975-76).

Impact of Total Save-Harmless for High Tax Aid:

A total save-harmless provision was enacted for the 1975-76, 1976-77, and 1977-78 school years. Thus, for these school years, districts have been able to receive the same amount of high tax aid they received in the previous year, regardless of a change in either their tax rate or their full value per resident pupil.

The amount of high tax aid payable to New York State school districts from the 1974-75 to the 1977-78 school years is shown in Table B-8. As this table points out, there has been very little change in the amount of high tax aid paid to districts since the 1975-76 school year.

Table B-9 indicates that only 26 percent ($2.75 million out of $10.50 million payable high tax aid) of the high tax aid moneys paid to school districts in the 1977-78 school year was based on the high tax aid formula. Conversely, 74 percent of high tax aid was paid pursuant to the total save-harmless provision. As noted earlier, the high tax aid formula was originally developed for low-wealth, high tax rate districts with less than $40,000 full value per resident pupil. However, in the 1977-78 school year, 59 districts (47 percent of the 125 districts) with more than $40,000 full value per resident pupil will be receiving high tax aid. The State will be paying these 59 districts a total of $3.24 million. Furthermore, at least two districts receiving high tax aid have full valuations per resident pupil which are above the State average of $57,800.

RECOMMENDATIONS:

As in a number of other apportionment areas, high tax aid is now largely paid to districts on the basis of qualifications which they met in the past rather than on ones which they meet today. When nearly 75 percent of an aid apportionment is paid out in disregard of the formula, annual automatic renewal of the aid should be discontinued.

High tax aid only represents 0.3 percent of the annual public school aid appropriation, but it is politically important because $6.3 million of the $10.5 million aid total (60 percent) is paid to 31 districts in Suffolk County and $1.6 million (15 percent) goes to 14 Nassau County districts. If these 45 districts are more deserving of additional assistance than lower wealth districts in other regions, it may be more equitable to devise a regional aid formula than to continue to pay out aid under a nonfunctioning high tax aid formula.

TABLE B-8: HIGH TAX AID PAYABLE TO NEW YORK STATE SCHOOL DISTRICTS, 1974-75 TO 1977-78 SCHOOL YEARS

School Year	Amount of Total High Tax Aid (in millions)
1974-75	$ 7.5
1975-76	10.5[a]
1976-77	10.5[b]
1977-78	10.5[b]

[a] The increase in total high tax aid from the 1974-75 to the 1975-76 school years occurred for two reasons: (i) the limits on operating aid and high tax aid increases applicable for the 1974-75 school year were not continued for 1975-76 and (ii) the increase from $80 to $90 in the dollar factor of the high tax aid formula beginning in the 1975-76 school year.

[b] In the 1976-77 school year, all but one district received high tax aid payments under the high tax save-harmless provisions and in the 1977-78 school year, all districts received their high tax aid under the total save-harmless provisions applicable to this formula.

SOURCE: From State Education Department computer runs: General State Aid Summary 1974-75; SA 124 Report, Research Summary 1975-76, April 26, 1976; SA 124 Report, Research Summary 1976-77, July 5, 1977; and 1977-78 State Aid Projections, Input/Output format, May 17, 1977.

TABLE B-9: AMOUNT OF HIGH TAX AID AND NUMBER OF SCHOOL DISTRICTS RECEIVING HIGH TAX AID BY FULL VALUE PER RESIDENT PUPIL FOR THE 1977-78 SCHOOL YEAR

Full Value Per Resident Pupil Level for 1977-78 Aid[a]	Number of Districts	Amount of High Tax Aid	
		Formula[b]	Payable[c]
		(in thousands)	
$ 0 - 40,000	66	$2,746.3[n]	$ 7,256.3[n]
0 - 20,000	5	3.8	80.5
20,001 - 30,000	26	1,410.7	2,745.1
30,001 - 40,000	35	1,331.7	4,430.8
$40,001 - 60,000	57	0	3,215.5
40,001 - 50,000	40	0	2,614.5
50,001 - 60,000	17	0	601.0
$60,001 and above	2	0	24.5
TOTAL	125	$2,746.3	$10,496.4[n]

[a] 1975-76 full value per resident pupil (FV/RWADA) is the wealth measure used to determine 1977-78 high tax aid.

[b] Formula high tax aid is the amount generated from the basic current law formula. (See first page of this section for an explanation of the formula.)

[c] Payable high tax aid is the total amount to be paid to school districts either from the basic formula or from the total save-harmless provision.

[n] Does not add due to rounding.

SOURCE: Data based on estimates obtained from the State Education Department, May 24, 1977.

SELECTED CATEGORICAL AID PROGRAM AREAS

EARLY EDUCATION..... 99

This section describes briefly some early education programs and points out the need to determine policy on this subject in the immediate future.

EDUCATION OF THE GIFTED AND TALENTED..... 105

This section of the report notes the problem of winning support for gifted programs and explains in some detail the objectives found in the State Plan for the Gifted and Talented being developed by the New York State Education Department.

THE ISSUE:

For the last several years, the results of our statewide pupil evaluation testing programs in mathematics and reading (grades three, six and nine) indicate a definite need for future concentration of effort. There is a problem in determining how the money is spent in math and reading remedial programs for below competency students throughout the State, but no challenge exists in understanding that in far too many school districts a large number of children are performing poorly.

Underachievement can be found in all parts of the State, and rural, urban, and suburban school districts share equally in the dubious distinction of producing low scores in mathematics and reading. Even more distressing and disturbing is the fact that well thought out solutions to alleviate these complex problems do not seem to exist.

The state aid formula since the school year 1974-75 has given more than $565 million (exclusive of federal and local funding) to school districts to meet the challenges in coping with "pupils with special educational needs."* There remains, however, a proliferation in the number of our school-age students who are nonreaders, nonmath oriented, or both. The results of a late starting longitudinal study may shed light on the causes of continuous failure and suggest possible remedies. However, the record for the past decade clearly illustrates and illuminates the education miseries we have encountered.

The status quo or business as usual philosophy must be abandoned and other alternatives examined. There is no need to advocate the reinvention of the math and reading wheels, but more traction and forward movement, and less spinning and retreading is needed.

Early Childhood Education in New York State: Would a significant thrust into early childhood education possibly make a difference? The State has been involved in a pre-kindergarten program, since 1966, based on a state-local support ratio. As stated in their pre-kindergarten position paper in 1967, the Regents planned to develop an experimental program first, and then expand it to cover all three- and four-year-olds whose parents wished to participate. This has not happened and the likelihood of future expansion is uncertain.

* This aid program is described in a section of this report entitled, "Weighting for Pupils with Special Educational Needs."

Aside from emotional, economic and political considerations, very little information is available to determine if the experimental programs are overcoming some of the State's educational problems. The question of whether to expand the pre-kindergarten program, drop it, or modify it remains in limbo. Until an indepth analysis and evaluation study of five years duration is completed by the State Education Department in 1980-81, it will be difficult to assess the wisdom behind this $88 million investment over the last 11 years. The wisdom behind the indecision or comparative slowness in obtaining early indicators of success or failure can, however, be questioned.

Programs in Other States: No authority in the area of early childhood education seems to be prepared to state that early education programs will make the difference in educational achievement for the types of students who are now failing. Much of the data needed to make a final assessment are still being obtained and analyzed. The experiments in the State of California and in the Brookline, Massachusetts schools will not offer final conclusions in the immediate future. The first reports and the literature seem to be encouraging. For example, the Brookline Early Education Project (BEEP), which has been in existence since November 1972, is a program of diagnostic and educational services for very young children and their parents.

-- BEEP is the first known program to involve a public school system in the education of children from birth. It is based on the concept put forth by several psychologists and education experts that a child's most critical learning is done before the age of three. They say that nearly all achievement after that depends on what is learned during the crucial period.

-- BEEP was opened to residents of Brookline, a Boston suburb, who had children born between March 1973 and October 1974, and to some black and hispanic youngsters from nearby Boston born during the same period.

-- BEEP, which provides physical and psychological testing, play groups, and in some cases, day care, is free to all of its participants.

-- The public school system monitors the health and development of pre-school children and assists parents in guiding the educational experience of their children throughout the first five years of life.

-- The origins of underachievement in school may often lie in the child's early learning environment. BEEP focuses on assistance to families in their role as the primary educators of their children.

-- The program is geared to the parents rather than the children. Parents need a support system. They are taught to become better observers of their children and to understand the stages of growth and development.

-- Teachers from the BEEP Center are available to meet with parents at home and spend time with the children at the center, joining in their play groups. All of the teachers are also parents of young children. They help other parents tackle such problems as how to make the house safe for crawling infants or what to do about sibling rivalries.

RECOMMENDATIONS:

There appear to be very sound reasons for advocating the adoption of some form of early childhood education.

- A high degree of a child's total intellectual potential is developed prior to age eight.
- In the early years, even minor improvements in the learning environment make a big difference.
- Strong foundations provided during the early years are the most promising basis for later growth and achievement.
- There is ample evidence which indicates the critical nature of early learning.
- According to one study, the children who do best in school are those whose parents see themselves as their child's most important teachers.
- Evidence shows that the parent's involvement with the child has the greatest impact on his achievement, curiosity, persistence -- even his creativity.
- By testing early, educators can find those whose skills and development are clearly and generally below minimal level -- for this group represents an unacceptable risk of failure at the first step of cognitive learning and social adjustment.

- The implication of the previous statement is that large numbers of pre-school age children are not receiving minimal services or existing programs that are comprehensive, adequate, or available.

- The early childhood education plan has as its goal the restructuring of primary education. It will develop ways to improve educational opportunities for three and four year olds and to increase the opportunity for kindergarten and primary school children to master the skills basic to successful achievement throughout their lives.

- Too often the public schools failed to capitalize on the unique learning opportunities in the early years of a child's life.

- Lack of adequate support in early years may mean costly remedial programs in later years.

The opponents in the early schooling debate question whether this experience will make any dent in real school problems. They feel the strategy of leaving large numbers of very young children in schools or centers is wrong and it would be better to keep the child closer to home and strive to improve the home environment for less money.

It is true there are many problems to be resolved, but a big social decision seems to be in the making which will say -- start organized education earlier. The abundance of research accumulated over the last several years leads to this undisputable conclusion. Once all the facts are known and the evaluations completed, there will be a major breakthrough in this area.

The idea is certainly not new and significant efforts have been made in other countries:

Italy -- Montessori Method: Lately, there has been a resergence of inquiry into the effectiveness of Montessori education. Little definitive research on the outcome exists. Montessori trained pre-school children appear to achieve in the areas of cognitive task learning, autonomous learning and perceptual discrimination skills.

England -- Infant Schools: The prevailing philosophy in these schools maintains that children are individuals who have a right to enjoy learning and to be themselves. These schools operate with great freedom and flexibility and have fostered the development of a decent and humane atmosphere. Before an opinion can be proclaimed on these experiments, more research must be completed.

In our own country we have had effective pre-school projects where the enrichment group made I. Q. gains and higher achievement scores which they were able to maintain.

Infant Education Project, Washington, D. C.:
Children were selected from a poverty area and the project was designed to discover how they would respond to intellectual stimulation.

Academic Pre-School, Champaign, Illinois:
This project provided intensive teaching of subjects children will need to know to get along in school -- language, arithmetic, and reading, carefully organized and presented in logical sequence.

Early Education Project, New York City:
In this program the curriculum emphasis was on the cognitive areas of language, perception, concept formation and self-image.

Pre-School Program, Fresno, California:
Aimed at children who speak English as a second language, Fresno's program emphasized verbal communication and vocabulary development.

Learning to Learn Program, Jacksonville, Florida:
This program stressed giving children the skills to cope with problems rather than factual content or knowledge.

Once started, the early education program will need continuity of funding for several years. It does not appear to be realistic to expect that a statewide program will be initiated for all three or four year old children, simultaneously. In fact, a program for all the four year old children is perhaps beyond the potential funding level, under present economic conditions.

There are expressions of hope -- change in the economic climate, more federal assistance -- but few guarantees. We need to target our programs at those children who need them the most, especially to identify for early help those failure-prone children. Why must we wait until we get them in our traditional classrooms at a predetermined age? Cui bono fuerit?

EDUCATION OF THE GIFTED AND TALENTED

THE ISSUE:

In recent years, throughout the nation, the phenomenon of intellectual brilliance among the young has received little attention from educators and legislators who are more often involved with programs attempting to remedy low achievement scores. Indeed, in the second half of the twentieth century, the primary emphasis of educational efforts and funds have been on the underachiever and the handicapped, accompanied by a benign neglect of very gifted and talented children. Nationwide, ways and means need to be found to allow precocious students to accelerate more rapidly through schools and colleges before their intellectual attributes are stifled, harmed or wasted.

It seems it would be easier to convince the American public that baseball, hot dogs, and apple pie are not part of our national scene than trying to eradicate the long-standing stereotypes and myths about exceptionally bright children. A significant proportion of the country's teachers, administrators, guidance counselors, and parents have consistently demonstrated negative attitudes and behaviours regarding special programs or acceleration for the gifted school population. These beliefs have been adamantly and tenaciously supported over the years, unmindful, and almost in contempt of the longitudinal study of Lewis M. Terman. This acknowledged and highly respected researcher, in a well-documented thesis, concluded that gifted students, whom he analyzed, were emotionally more mature, handled educational acceleration well, found success in life, and were generally happier than the average population.*

Confirmation and substantiation of the conclusions of Lewis M. Terman have been validated in studies completed by the Ford Foundation, Professor Julian C. Stanley, Johns Hopkins University, the U. S. Office of Education et al. Most of the membership of the "doubters club" will continue to remain unconvinced even in the face of sound empirical data, which exist in abundance; others, who are also misinformed, may grudgingly yield after a serious review of all the facts. The reluctance of the former to change their opinions stems from two firmly ingrained postulates:

- Gifted students are physically, emotionally, and socially immature; and

* Terman, Lewis M., Genetic Studies of Genius (Stanford, California: Stanford University Press), 1925.

- Educational acceleration is injurious.

These protestors are as dogmatic as the makers of Pall Mall cigarettes whose motto is in hoc signo vinces -- "by this sign, you will conquer" -- when they piously disclose two other widely accepted and often cited last hurrah defensive retorts:

- Truly "gifted" children can make it on their own and don't need help; and
- I know a gifted child who failed to make it, and the reasons were acceleration and non-peer-relationship.

It is a cruel hoax to deny gifted children participation in special programs on the basis of such argumentation. They are entitled to a fair shake and rightful challenge during their formative years. Professor Julian Stanley, Director of Johns Hopkins Study of Mathematically Precocious Youth, feels that the fears among educators about students who skip grades are groundless and the theory that "only one's age-mates are one's social and emotional peers" is an "unreasonable assumption" and a "gross denial -- of the great adjustive capabilities of many intellectually highly talented youth."*

Lewis M. Terman remarked many years ago that "it is a curious fact that special classes for bright children are strenously opposed by a few of the country's leading educational authorities. Their opposition seems to derive from an extreme democratic bias which minimizes native inequalities of endowment and scents the danger of class favoritism in every departure from the plan of a single curriculum for the entire school population."** Oh, the names and faces change, but the theme maintains its popularity. All students march best to the same drummer and tune, just like the home builder who built his ticky-tacky houses all in a row.

Over the years, there have been some changes in school curriculum offerings which have helped bright students i.e., advanced placement, independent study, individualized instruction, elective courses, but for the most part, the prevailing philosophy remains largely egalitarian. Elitism is still out, and will remain so, as long as many educators persist in thinking that intellectual talent will overcome neglect and indifference.

* Report on Education Research, (August 10, 1977), p. 4.
** The New York Times Magazine, (August 21, 1977), p. 31.

Within the last couple of years, however, we are witnessing a revival of interest and a resurgence of activity in the development of programs to cope with the expectations and aspirations of our nation's talented offspring. Maybe during the last quarter of the twentieth century the gifted will be less invisible.

Even the United State Congress, perhaps prodded by the excellent report submitted to it in 1971 by the Commissioner of Education, Sidney P. Marland, Jr. on "Education of the Gifted and Talented" has made funds available to the states under ESEA Title IV-C. Grants were awarded under Title IV-C during 1976-77 for projects in the area of gifted and talented education. Moneys have also been made available for 1977-78.

In sharp contrast with nationwide apathy and lack of sensitivity to the needs of the gifted and talented, the Regents of the State of New York and the State Education Department have had a long and continuous concern (since 1919) about meeting the requirements of this segment of our school population. By publishing guidelines for the identification of gifted children, establishing an office for the gifted, developing Regents courses, honors classes and advanced placement courses for high schools, and proposing enrichment suggestions for elementary schools, the efforts of the State Education Department and local school districts have enhanced the opportunities for bright students. The creation of specialized schools such as the Bronx High School of Science, Hunter College High School, and the High School of Music and Art must be recognized for the challenges and intellectual stimulation they continue to provide for the students in New York City.

In particular, the record shows that New York State college-bound students have led the nation in advanced placement testing. This testing program commenced in 1955, and every year the State's high schools turn out the most advanced placement candidates. These bright New York State students also take the most advanced placement examinations. As Table C-1 demonstrates, for the last four years, New York students have maintained a decided edge over California students. In 1976, for example, California had about 400,000 more high school students but 6,317 (39 percent) fewer advanced placement candidates than New York State.

The Regents, knowing that much more needs to be done to comprehensively and competitively challenge those bright students who possess highly advanced, complex abilities, issued a position paper in January 1976 on Educating the Gifted and Talented urging differentiated treatment and equality of

TABLE C-1: STATE SUMMARY REPORT/ADVANCED PLACEMENT EXAMINATIONS

	Total A. P. Candidates[a]		Total A. P. Examinations[a]		A. P. Candidates to Colleges[b]		Total A. P. Exams to Colleges[b]	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
California								
1973	6,675	12.4%	7,913	11.4%	4,098	10.4%	5,207	9.7%
1974	7,981	13.3	9,556	12.3	4,880	11.3	6,286	10.6
1975	8,755	13.5	10,743	12.7	5,320	11.7	6,930	11.0
1976	9,773	13.1	12,089	12.4	5,701	11.0	7,539	10.6
New York								
1973	11,864	22.0	15,724	22.6	6,977	17.7	9,249	17.3
1974	13,366	22.3	17,614	22.6	7,739	17.9	10,194	17.2
1975	14,717	22.7	19,471	23.0	8,389	18.4	11,134	17.7
1976	16,090	21.6	21,448	22.0	8,796	17.1	11,954	16.8
TOTAL U. S.								
1973	53,945		69,594		39,333		53,544	
1974	59,984		77,906		43,237		59,187	
1975	64,745		84,584		45,543		62,824	
1976	74,478		97,282		51,550		71,264	

[a] The A. P. is an abbreviation for Advanced Placement. Column 1 shows the number of candidates who took examinations. Column 2 shows the total number of examinations that were written by the candidates.

[b] Column 3 represents all advanced placement candidates entering colleges and Column 4, all advanced placement examination grades sent to colleges within the state from anywhere in the nation.

SOURCE: State Summary Report/Advanced Placement Examinations, College Entrance Examination Board, New York, New York.

opportunity for growth for our exceptionally bright children. Not to identify, plan and program correctly, not to broaden, upgrade and reevaluate the course offerings, and not to recharge the classroom atmosphere and redirect teaching strategies may mean, as the Regents said, "Thousands of gifted children who enter school with high motivation and great anticipation soon experience frustration and boredom. Eventually, they come to regard school as dull and uninteresting. Dropping out, underachievement, and disenchantment with learning are among the results...." *

Responding to the new money made available by Washington, although the appropriation amount for the nation will not revive our economy, the State Education Department developed a proposal and has received a project grant from the Federal government for planning and developing services for the gifted and talented. The scope and depth of this project is explained in the following quotation taken from the abstract and program narrative.

> "As a goal, the New York State Education Department seeks to equalize educational opportunities in New York State. A direct result of such equalization will be increased opportunities for gifted and talented children. The Department is committed to implement the policies and recommendations published in the Regents Position Paper No. 23, Educating the Gifted and Talented in New York State (January 1976) in order to assist schools in the introduction and development of programming for their gifted and talented children. The goal of the Department is the development of a comprehensive program of activities designed to help schools to identify their gifted and talented, to develop programming for them, and to prepare staff for these purposes, and to establish regional resource development and demonstration centers to facilitate the achievement of all of the above.
>
> "The attainment of this goal requires that the the Department focus upon the primary objective of preparing a State Plan that will implement the policies and recommendations of the Regents Position Paper...."**

* Educating the Gifted and Talented in New York State, (Albany: New York State Education Department), January 1976, p. 7.

** Planning and Developing Services for the Gifted and Talented, (Albany: New York State Education Department), November 1976, p. 1.

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Under the subobjectives of this project, the State Education Department will provide every school district in the State with the following information, guidelines, training and support services to facilitate the development of local programs for the gifted and talented:

- Steps and procedures to follow for identifying these students;
- Information useful for planning and starting comprehensive programs;
- Suggestions for policy statements and guidelines for administrators;
- Creation of a training model for all educators who will have responsibilities in the gifted area and disseminating procedures for providing training; and
- The delivery of all data will be coordinated through an existing statewide network -- BOCES.

Much has been accomplished by the State Education Department since the initial planning began in 1975-76. The Project Coordination and Development Team has already established an effective communication and dissemination system working through BOCES and the local school districts. By the end of the 1976-77 school year, 12 gifted and talented education Title IV-C projects were operating across the State. Federal funding for these 12 projects totalled $357,000. The 1977-78 projects include 11 from the previous year that have been refunded and nine new projects for a total of about $787,000.

The Putnam/Northern Westchester BOCES was one of the intermediate districts funded under Title IV-C. The major objectives in this project are:

- To set up a regional center to coordinate all of the region's gifted activities;
- To pilot a comprehensive K-12 gifted program in three districts;
- To establish a regional teacher training program in gifted education; and
- To develop a regional student instructional program for gifted and talented students.

This plan is typical of the projects being developed throughout the State by school districts and BOCES units to implement the ideas, suggestions and concepts found in the State Education Department Comprehensive Plan for our gifted and talented students.

RECOMMENDATION:

As to be expected, the sources of funding are crucial to the success or failure of this excellent state plan. This kind of categorical funding by Congress should be expanded and the State Legislature should find a way to support the state plan for our gifted and talented children and allow the State Education Department, Boards of Cooperative Educational Services, and local school districts to continue to cooperate in this essential and most important endeavor.

PART IV

REORGANIZATION AND OTHER ASPECTS OF EDUCATIONAL FINANCE IN NEW YORK STATE

REORGANIZATION OF NEW YORK STATE SCHOOL DISTRICTS..... 115

While the present number of school districts in the State has been dramatically reduced from more than 11,000 in the nineteenth century to 743 in the 1976-77 school year, school district consolidation has been at a virtual standstill since the 1969-70 school year. Inter-district inequities and other problems related to the existence of very small school districts are considered in this section.

CHANGE IN "CONTINGENCY BUDGET" PROVISIONS..... 127

Contingency budgets are used by noncity school districts if the voters fail to approve one of the proposed budgets presented to them by their local school board. Problems that have arisen in recent years over what constitutes a contingency budget and legislative proposals designed to provide solutions for those problems are examined.

FEDERAL SHARE..... 131

The different types of federal aid programs for elementary and secondary education are explained, and comparisons are made between the percentage of education revenues from federal sources for New York State versus the percentage for other states.

REORGANIZATION OF NEW YORK STATE SCHOOL DISTRICTS

THE ISSUE:

Historical Background: The school district, as a unit of school government, dates its origins in New York State to the Common School Law of 1812. New York State school districts of the 19th century were extremely small jurisdictions, numbering as many as 11,857 by 1857.

The principle of the small school district was based on the one-room, one-teacher school house which was to be within walking distance for each child in the district. The eventual effect of these very small jurisdictions, however, was enormous inequalities in financial resources among the school districts.

No substantial consolidation had taken place during the 19th and early 20th century with the notable exception of the consolidation of the New York City school districts from 359 to one city-wide system in 1897. In 1925, there were still nearly 10,000 school districts in the State. Of these districts, 7,500 were one-teacher districts with an average enrollment of less than 15 pupils and an area of under three square miles. The ranges in per pupil property wealth, tax rates and expenditures in these one-teacher districts were astounding, with full values ranging from under $500 to over $5 million per pupil; full value tax rates ranging from zero to $40.00 per thousand and some districts spending 13 times more per pupil than others.*

Due largely to disincentives against the one-teacher districts and incentives for district reorganization implemented in the Cole-Rice Law of 1925, over 5,000 one-teacher districts were eliminated between that year and 1944. This, in turn, narrowed the great extremes in wealth which had been evident before 1925. By 1944, full value per pupil in one-teacher districts ranged from over $500,000 to $1,230 and tax rates ranged from zero to $17.16 per thousand.**

The Heald Commission of 1955 was instrumental in reducing the number of school districts even further by proposing that the school aid law only apply to districts with eight or more teachers and that incentives for district reorganization be retained. In 1965, a law was enacted which provided incentive to districts willing to consolidate by giving them

* Arvid J. Burke, Intergovernmental Relations in Public School Finance — 1970, Staff study No. 1 of the Report on Study of the New York State School Support System. (Albany: New York State Educational Conference Board, March 1969) p. 23.

** Ibid. p. 24.

an additional 25 percent payable building expense aid and ten percent additional operating expense aid for a period of five years. Under this reorganization incentive aid program, the additional operating aid is phased out; after the initial five-year period, there is a reduction of one percent in this additional operating aid each year. The result of these reforms since 1955 was that the number of school districts in New York State had been reduced from under 2,000 in 1955 to 743 in 1976.

Since 1970, however, there has been no substantial reduction in the number of New York State school districts, even though there are still major problems in the State's school finance system because of school districts which are too small. In the period from 1966 to 1970, there was a reduction in school districts by 219, from 986 districts to 767. From 1970 to 1976, there has been only a small decrease of 24 districts, from 767 to 743 districts. (See Table D-1.)

The Present-Day Status Quo: While much progress has been made in this century in consolidating school districts, the impetus toward district reorganization is virtually at a standstill. Only seven nonoperating districts (including two institutional districts) remain out of 191 nonoperating districts in 1966. The number of districts with fewer than eight teachers had been reduced to 12 as of October 1976, but there are still many small districts in terms of area size and pupil enrollment.

Although there has been a substantial decrease from the 1961-62 school year to the present in the number of operating districts with less than 1,000 enrolled pupils, these small enrollment districts have remained about the same in number since the 1969-70 school year. According to the fall enrollment data published in the State Education Department's Survey of Enrollment Staff, and Schoolhousing, the number of districts with under 1,000 enrolled pupils was 406 in 1961 or 46.0 percent of the 881 operating districts during that year. By the fall of 1969, the number of districts with fewer than 1,000 pupils had dropped to 213 districts or 28.7 percent of the 741 districts operating that year. During the period from the fall of 1969 to the fall of 1975, however, the number of districts and their percentage of the total number of operating districts has remained approximately the same. In the fall of 1975, 201 or 27.3 percent of the 737 operating districts had enrollments under 1,000. (See Table D-2.)

(text continued on page 119.)

TABLE D-1: NUMBER OF NEW YORK STATE SCHOOL DISTRICTS BY TYPE AS OF JUNE 30TH IN EACH YEAR, 1966 to 1976

Kind of District	Number of Districts, for School Years Ending as of June 30th										
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Cities (including city centrals)	62	62	62	62	62	62	62	62	62	62	62
Village Superintendencies (including village centrals)	176	183	192	199	210	224	233	241	249	256	260
In Supervisory Districts											
Central	394	388	372	361	348	334	327	320	311	304	300
Central high school	4	4	4	4	4	4	4	4	4	4	4
Union free operating	103	95	93	91	87	84	88	89	90	90	90[a]
Union free not operating	3	2	2	2	1	1	1	1	1	0	0
Common Operating	56	48	37	34	31	29	27	24	24	22	20[b]
Common not operating	188	154	87	70	24	19	18	18	15	8	7[c]
TOTAL	986	936	849	823	767	757	760	759	756	746	743

[a]In the school year ending June 30, 1976, 19 of the 90 union free operating districts were institutional districts.
[b]One of the 20 common operating districts was an institutional districts in this school year.
[c]Two of the common non-operating districts are institutional districts.
SOURCE: State Education Department, Education Statistics, New York State; Prepared Especially for Members of the Legislature, January 1973, p. 5 and January 1977, p. 5.

TABLE D-2: NUMBER OF OPERATING SCHOOL DISTRICTS IN NEW YORK STATE, BY FALL ENROLLMENT SIZE INTERVALS, 1961, 1969 AND 1975

Fall Enrollment Size Intervals	Fall 1961		Fall 1969		Fall 1975	
	Number of Districts	% of Total	Number of Districts	% of Total	Number of Districts	% of Total
5,000 +	80	9.1%	131	17.7%	123	16.7%
2,000 - 4,999	196	22.2	206	27.8	221	30.0
1,000 - 1,999	199	22.6	191	25.8	192	26.1
500 - 999	166	18.8	102	13.8	102	13.9
200 - 499	106	12.0	72	9.7	57[b]	7.7
1 - 199	134	15.2	39	5.3	42[b]	5.7
TOTAL OPERATING DISTRICTS[a]	881	100.0%[n]	741	100.0%[n]	737	100.0%[n]

[a] Totals for operating school districts in Table D-2 do not coincide with Table D-1 for the following reasons: (1) Nonoperating districts were excluded in Table D-2 and included in Table D-1; and (2) The total number of districts in Table D-2 were counted in the fall of the year cited, while in Table D-1 the total number of districts were counted in June of the year cited.

[b] In 1975, institutional districts accounted for 15 of the 42 districts with enrollments of fewer than 200 and five of the 57 districts with enrollments between 200 and 499. Data on institutional district enrollments for 1961 and 1969 has not been researched for purposes of this report.

[n] Does not add due to rounding.

SOURCE: Information Center on Education, New York State Education Department, Survey of Enrollment, Staff and Schoolhousing, Fall 1961, 1969 and 1975.

Location of Small School Districts: Although it might be expected that the less populous areas of a state would contain the school districts with the smallest pupil enrollments, this is only partially true in New York State.

Table D-3 presents the distribution of districts with fewer than 1,000 enrolled pupils in the fall of 1975. Excluding institutional districts, the table indicates that:

- The less populous counties in the State have the largest proportion of districts enrolling fewer than 1,000 pupils. Out of 181 of these small districts, 47 were located in the State's 17 largest counties, while 134 were located in other areas of the State.

- The 17 largest counties have a larger share of districts with the smallest enrollments (fewer than 200 pupils). Out of 27 of these extremely small districts, 16 were located in the 17 most populous counties while the remaining 11 districts were located in the rest of the State.

- The small enrollment districts are especially concentrated in Suffolk County. Even though Suffolk County had a large countywide pupil enrollment (331,183 pupils), second only to New York City, 23 of its 71 districts enrolled fewer than 1,000 pupils in the fall of 1975. Twelve districts out of the 27 enrolling fewer than 200 pupils were located in this county. Also, Suffolk County alone accounted for six of the 52 districts in the State enrolling between 200 and 499 public school pupils.

Therefore, while there are several small districts in the less populous areas of the State, the New York City metropolitan area county of Suffolk is the one which contributes most to the wide variation in public school district size in New York State.

Elementary School Districts: As of July 1976, there were 53 operating school districts which were unable, or did not choose, to support a twelve-grade school system. These "elementary" school districts, which generally have programs from kindergarten to sixth or eighth grade, send their secondary school-aged pupils to districts which do have a high school.

TABLE D-3: DISTRIBUTION OF NEW YORK STATE SCHOOL DISTRICTS (INCLUDING INSTITUTIONAL DISTRICTS)[a] IN 17 LARGEST COUNTIES, NEW YORK CITY AND REST OF STATE WITH PUBLIC SCHOOL ENROLLMENTS OF FEWER THAN 1,000 PUPILS, FALL 1975

Area	Total Number of Districts	Number of Districts by 1975 Fall Enrollment: 1 - 199 Enrolled Pupils	200-499 Enrolled Pupils	500-999 Enrolled Pupils	Total County Enrollment[b]
17 Largest Counties	388 (17)	29 (13)	16 (4)	19	1,713,257
Albany	13	1	2	—	46,438
Broome	12	—	—	—	49,380
Chautauqua	19	—	—	6	32,918
Dutchess	15 (2)	2 (2)	—	—	52,802
Erie	31 (1)	1 (1)	—	—	202,407
Monroe	18	—	—	—	139,929
Nassau	56	—	—	—	282,175
Niagara	10	—	—	—	50,793
Oneida	18	1	2	2	55,424
Onondaga	18	—	—	1	99,654
Orange	17 (1)	1 (1)	1	2	57,318
Rensselaer	13	2	—	1	29,046
Rockland	10 (2)	2 (2)	—	—	59,642
Schenectady	7	—	—	1	28,728
Suffolk	72 (1)	13 (1)	6	5	331,183
Ulster	10 (1)	1 (1)	—	—	33,842
Westchester	49 (9)	5 (5)	5 (4)	1	161,578
New York City	1	—	—	—	1,096,460
Rest of State	348 (3)	13 (2)	41 (1)	83	572,652
TOTAL STATE	737 (20)	42 (15)	57 (5)	102	3,382,369

[a] The number of institutional districts and their distribution by 1975 enrollment levels are cited within parentheses in the table.

[b] Includes all public school pupils enrolled in kindergarten through 12th grade including ungraded handicapped pupils.

SOURCE: Information Center on Education, New York State Education Department, Survey of Enrollment, Staff and Schoolhousing, Fall 1975.

Table D-4 lists the State's operating elementary school districts as of July 1976, excluding the 13 component districts of New York State's four central high school districts. As the table indicates, the County of Suffolk had the greatest proportion of elementary school districts in the State. Eighteen or 45 percent of elementary school districts were located in this New York City metropolitan area county.

Selected Features of Small Enrollment Districts: Many of the small enrollment districts tend to be either rather poor or extremely wealthy. Of the 70 major school districts which had fewer than 500 enrolled public school pupils in the fall of 1974, 15 will have less than $30,000 full value per pupil for purposes of aid apportionment in the 1977-78 school year. Oriskany Falls, in Oneida County, is the poorest of these 70 districts. Twenty-one additional districts will have a full value per pupil between $30,001 and $60,000; the State average for 1977-78 aid will be $57,800. On the other hand, there were 18 of the 70 districts with fewer than 500 enrolled pupils which will have a full value per pupil above $120,000, with six districts having a per pupil property wealth exceeding $300,000. (See Table D-5.)

It should be noted that while there are a large number of small enrollment districts, they represent only a small percentage of the pupils in the State. For example, out of 705 major school districts, 88 districts with 583 or fewer enrolled public school pupils in the fall of 1974 represented only one percent of the State's 1975-76 total aidable pupil units used to determine 1976-77 state operating aid payments. The 170 major school districts, with 1974 fall enrollments of 1,000 pupils or less, represented only three percent of the State's 1975-76 total aidable pupil units and the 333 major school districts, with 1974 enrollments of 1,800 or less, represented only 10 percent of the 1975-76 total aidable pupil units.

Action Taken: One of the goals outlined in Governor Carey's 1977-78 Executive Budget was the reorganization of school districts which are not presently operating a high school, exclusive of elementary districts in central high school components. A Budget bill (S.1318; A.1618) introduced in the 1977 Legislative Session set forth the procedures for abolishing these districts over a two-year period.

(text continued on page 125.)

TABLE D-4: ELEMENTARY SCHOOL DISTRICTS[a] IN NEW YORK STATE AS OF JULY 1976

County & District	Grade Levels Supported by District	Fall, 1975 Total Pupil Enrollment
Albany		
Menands	K-8	254
Maplewood	K-8	182
Fulton		
Wheelerville	K-8	204
Hamilton		
Lake Pleasant	1/2K-9	161
Piseco[b]	1/2K-8	53
Inlet[b]	1/2K-6	46
Raquette Lake[b]	1/2K-6	20
Nassau		
Island Park	1/2K-8	1,562
Oneida		
Sylvan Beach	1/2K-6	176
Onondaga		
Lyncourt	1/2K-9	559
Orange		
Greenwood Lake	1/2K-8	704
Putnam		
Garrison	1/2K-8	323
Putnam Valley	1/2K-9	1,390
Rensselaer		
George Washington	1/2K-6	195
Wynantskill	K-8	646
Williams[b]	1/2K-1	25
Saratoga		
Edinburg[b]	1/2K-6	115
Seneca		
Border City	K-8	140

(continued)

TABLE D-4: ELEMENTARY SCHOOL DISTRICTS[a] IN NEW YORK STATE AS OF JULY 1976 (continued)

County & District	Grade Levels Supported by District	Fall, 1975 Total Pupil Enrollment
Suffolk		
Mount Sinai	1/2K-6	960
South Manor	1/2K-6	379
East Moriches	1/2K-8	571
Amagansett	1/2K-8	126
Springs	1/2K-8	365
Montauk	1/2K-8	296
Shoreham Wading River	1/2K-11	1,917
Remsenburg	1/2K-6	168
Quogue	1/2K-6	85
Tuckahoe	1/2K-8	149
East Quogue	1/2K-6	313
Oysterponds	1/2K-6	124
Wainscott[b]	1/2K-4	13
Fire Island[b]	1/2K-6	41
Sagaponack[b]	1/2K-4	22
Laurel[b]	1/2K-6	69
New Suffolk[b]	1/2K-6	21
South Haven[b]	1/2K-6	76
Warren		
Glens Falls Common	1/2K-6	179
Washington		
Putnam[b]	K-6	71
Wayne		
Gananda	K-6	130
Westchester		
Pocantico Hills	1/2K-8	405

[a] Excludes the 13 component school districts of the four central high school districts (Amherst in Erie County, Mepham, Valley Stream and Sewanhaka in Nassau County) maintained in New York State.

[b] Employs fewer than eight teachers.

SOURCE: Bureau of School District Organization, New York State Education Department, School Districts as of July 1, 1976, (August 1976), p.4.

TABLE D-5: DISTRIBUTION OF MAJOR NEW YORK STATE SCHOOL DISTRICTS WITH FEWER THAN 500 ENROLLED PUBLIC SCHOOL PUPILS IN FALL 1974, BY 1975-76 FULL VALUE PER PUPIL (FV/RWADA)[a]

1975-76 Full Value Per Pupil (FV/RWADA)[a]	Number of Districts With Fewer Than 500 Enrolled Pupils (Fall 1974)
Less than $30,000[b]	15
$ 30,001 - 60,000	21
60,001 - 90,000	8
90,001 - 120,000	8
120,001 - 180,000	4
180,001 - 240,000	6
240,001 - 300,000	2
300,001 - 360,000	1
360,001 - 420,000	3
420,001 and over[c]	2
TOTAL	70

[a] 1975-76 full value per resident pupil in weighted average daily attendance (FV/RWADA) will be used as the wealth measure for 1977-78 operating, building and BOCES operating and high tax aid apportionments.

[b] The district with the lowest full value per pupil of these 70 districts was Oriskany Falls in Oneida County with a 1975-76 FV/RWADA of $16,042.

[c] The district with the highest full value per pupil of these 70 districts was Fisher's Island, Suffolk County with a 1975-76 FV/RWADA of $459,190.

SOURCE: Statistical computer report prepared by State Board of Equalization and Assessment, April 29, 1977. Based on data received from the State Education Department, Information Center on Education, January, 1975.

Under this bill, elementary school districts, which are not part of one of the four central high school districts, would either have to operate a twelve-grade system or consolidate with another district which already had such a system by July 1, 1979. The bill, which was not reported out of committee during the 1977 legislative session, would have affected 46 elementary school districts.

RECOMMENDATIONS:

It has become increasingly clear that the existence of numerous, very small school districts within a given area tends to result in vast inter-district differences in the fiscal resources of the area. If, for example, New York City had not consolidated its 359 districts into a city-wide system in 1897, it would, today, appear very similar to Suffolk, with its pockets of very poor and very wealthy districts. However, the very large New York City school district, which fully covers five counties, does not have independent taxing powers while the tiny school districts described in this section, which may cover only a portion of a town, may, with local voter approval, levy real property taxes of any magnitude for public school support.

New approaches on how to equalize and/or share resources among districts of widely different size, wealth, and revenue-raising are urgently needed. It is, therefore, recommended that studies be made to learn how to best share and equalize the resources of an area. This approach to equalization may take the form of consolidating districts which are simply too small to be properly operational or of developing a school aid apportionment system based on the use of a broad-based regional tax.

CHANGE IN "CONTINGENCY BUDGET" PROVISIONS

THE ISSUE:

Throughout the United States, states have generally created some means of limiting the levying power of either some or all of their school districts and other localities. In New York State, Article VIII of the State Constitution establishes limits on local indebtedness and on the level for real property tax levies for counties, cities, villages, and city school districts. In that same Article, a portion of section 12 says, "Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate."

In a statute which is consistent with Article VIII, section 12 of the Constitution, the Education Law was amended to provide that annual budgets proposed by the school boards of noncity school districts must be approved by the eligible voters of the school district. (See §2022 of the New York State Education Law.) This law was enacted with the intent of giving the qualified voters of the district a means of determining the size and scope of the school district budget. In recent years, local taxpayers have often used their perogative to defeat school budgets. The State Education Department has reported 192 proposed budgets for the 1976-77 school year (29 percent) out of the 661 elections held were defeated by the voters. For the 1977-78 school year, 147 proposed budgets (22.3 percent) out of 658 elections were disapproved.

The defeat of a school budget does not automatically result in a major reduction of district expenditures or taxes. Section 2023 of the Education Law provides that when local voters do not pass their school budget, the school district's Board of Education may still levy a tax to cover teachers' salaries and other ordinary contingent expenses (less aid and other public funds available).

One of the reasons for allowing districts to operate under "contingency" or austerity budgets has been to prevent the type of school closings which have occurred in other states following defeats on local tax and referenda votes. However, administrative and legal interpretations of a "contingent" expense made over the years permit a district to increase its expenditures and/or total property tax levies while operating on a contingency basis after its budget has been disapproved by the voters of the district.

There are certain parts in the school district budget that have been determined as noncontingent items. The exclusion of such specific items has, however, left both taxpayers and school board members frustrated in some communities. Such "noncontingent" items as transportation for pupils living 1 1/2 to 3 miles from school (2 miles in case of elementary pupils), school lunch subsidies, the purchase of new equipment, instructional supplies, and interscholastic sports are the kind of items to which some voters attach higher priority than they do to the items which a school board may include within a contingency budget. The current rigidity of the contingency budget definition also hampers the flexibility of school board members in developing a contingent budget which they deem to be in the best interests and safety of the children served by the school district.

A number of legislative proposals have been introduced in the past few years to strengthen voter control over school budgets. For the past few years, the New York State Board of Regents has recommended changes in the legal provisions relating to school district contingency budgets. In its 1977 legislative proposals the Regents stated:

> "Boards of Education in school districts operating on contingency budgets have been subject to complicated rules as to what expenditures may or may not be budgeted. Even under these rules, some boards have increased the ratio of staff to pupils and substantially increased expenditures despite the fact that the voters rejected the budget.
>
> "The Regents propose that such boards have decision-making power as to what kinds of expenditures may be included in a contingency budget, but require the decisions to be made within limitations on total expenditures and pupil-staff ratios."*

In both its 1976 and 1977 legislative proposals, the Regents recommended that school districts operating on contingency budgets not increase the size of the professional and paraprofessional staff beyond what it was the year before and that they limit increases in per pupil operating expense to no more than the previous year's increases in the U. S. Consumer Price Index. The Regents' proposals were never acted upon in the Legislature.

A Budget bill introduced at the 1977 legislative session also sought to strengthen voter control over local school district budgets. This bill limited the levying power of a school district operating under a contingency budget. The

* See Major Recommendations of the Regents for Legislative Action, 1977, (Albany: The University of the State of New York, The State Education Department) November 1976, pp. 15-16.

bill does not permit the Board of Education of such school districts to levy taxes that would result in an increase in the per pupil expense (exclusive of certain items) of the previous year or in an increase of staff ratios beyond the previous year. The Budget bill was not acted upon during the 1977 legislative session.

RECOMMENDATIONS:

New York State's use of annual budget elections as a means of controlling school district expenditures and taxes can only be efficacious if the votes cast by local taxpayers have a meaningful control on the size of the total budget.

In light of changes which have occurred since the current contingency budget section of the Education Law was enacted in 1947, high priority should be given to reevaluating and suggesting changes in the current method of operating after proposed budgets have been rejected by the voters. There appears to be a special need to ensure that expenditure levels are held within bounds after a budget has been disapproved, while, at the same time, to allow school boards greater flexibility in determining what items need to be included in the contingency budget.

REVENUE FOR ELEMENTARY AND SECONDARY PUBLIC EDUCATION IN NEW YORK STATE -- THE FEDERAL SHARE

THE ISSUE:

The Current Federal Role in Elementary and Secondary Education: Federal involvement in the area of elementary and secondary public education has been a rather recent development. Before 1965, Federal aid was limited to assisting districts impacted by other Federal programs (impact aid), vocational education programs, strengthening instruction in critical subjects, guidance, counseling and testing. With the passage of the Elementary and Secondary Education Act (ESEA) of 1965, Federal participation was greatly expanded. By and large, however, Federal assistance is supplementary in nature. The responsibility for compulsory education lies with the education agencies on the state and local levels, with the Federal government providing additional funds for specified purposes.

The major Federal laws and programs relating to Federal aid to education are as follows:

- ESEA, Title I: This Federal education program provides grants to local education agencies for supplementary compensatory education services for the disadvantaged. Allocation of funds is based on the number of children in the district or county from families below or near the poverty level or on some other approved criterion (e.g., children participating in subsidized school lunch program).

- Bilingual Education Aid (ESEA, Title VII): This discretionary grant program provides funds for a limited period of time (one to five years) for demonstration projects and teacher training in bilingual education.

- The Education for All Handicapped Children Act: This law, enacted in 1975, provides state grants. Aid allocation is based on the number of children with handicapping conditions served and a percent of the national average per pupil expended in regular school programs.

- Emergency School Aid Act: The purpose of this act is to provide assistance for the additional costs associated with desegregation. Grants for special projects are also made.

- Head Start: The federal government provides 80 percent of the funding of these comprehensive pre-school programs. The public and private nonprofit agencies which administer Head Start programs contribute the remaining 20 percent.

- Vocational Education: Under these programs, the Federal government subsidizes about 11 percent of the total costs for vocational education program supported by the state and local agencies. In Fiscal Year 1974, 30 percent of Federal vocational education monies went to special programs and fund set-asides for disadvantaged and handicapped pupils. A 15 percent set-aside goes to post-secondary and adult vocational programs.

- Libraries and Learning Resources (ESEA, Title IV, Part B: Enacted in 1974, this grant program, which consolidates previously separate grant funds, is preliminary allocated on the basis of number of school age children in each state and is used for the acquisition of school library resources, textbooks, other printed materials, instructional material on critical subjects, testing, guidance and counseling.

- School Assistance in Federally Affected Areas (Impact Aid): The impact aid program enacted in 1950 provides aid for those areas which have been affected by Federal activities.

- Support and Innovation Grants (ESEA: Title III, Title V, and Title VIII, Section 807 and 808): These are programs for supplementary education services, strengthening state and local education agencies, drop-out prevention programs, and demonstration projects to improve nutrition and health services.

New York State's Share of Federal Education Monies: Table D-6 indicates the estimated share of revenues from Federal, state, intermediate and local sources to elementary and secondary public education in each state in 1975-76. New York received only 4.6 percent of its total revenue receipts for education from the Federal government -- well below the national average of 8.0 percent. Only four states received a lower proportion in 1975-76.

(text continued on page 136.)

TABLE D-6: ESTIMATED PERCENTAGE RECEIPTS FOR PUBLIC ELEMENTARY-SECONDARY EDUCATION FROM FEDERAL, STATE, INTERMEDIATE AND LOCAL SOURCES, 1975-76

State	Percent of Revenue Receipts by Source			
	Federal	State	Intermediate	Local
UNITED STATES	8.0	43.7	.5	47.8
Alabama	16.1[a]	63.5	--	20.4
Alaska	15.1	64.9	--	20.0
Arizona	10.5	47.8	.4	41.2
Arkansas	15.5	52.2	--	32.3
California	9.2[b]	40.4	--	50.4
Colorado	6.8	39.8	NA	53.4
Connecticut	4.1	27.7	NA	68.2
Delaware	8.0	67.7	--	24.3
District of Columbia	17.8[c]	--	--	82.2
Florida	6.2	54.6	--	39.2
Georgia	12.1	51.9	--	36.0
Hawaii	7.3	92.7	--	--
Idaho	10.9	49.5	2.9	36.7
Illinois	6.2	46.2	.1	47.6
Indiana	5.7	40.6	.4	53.3
Iowa	4.6	38.0	--	57.4
Kansas	11.6	43.8	--	44.6
Kentucky	14.6	54.3	--	31.1
Louisiana	17.5	55.7	--	26.8
Maine	8.1	44.6	--	47.3
Maryland	5.7	39.5	--	54.8
Massachusetts	4.1	23.5	--	72.4
Michigan	3.8	51.7	--	44.4
Minnesota	5.5	54.7	.4	39.3
Mississippi	21.2	55.0	--	23.8
Missouri	8.2	35.0	5.9	51.0
Montana	6.1	57.6	7.2	29.1
Nebraska	7.4	17.6	3.2	71.8
Nevada	5.5	40.4	--	54.2
New Hampshire	6.0	9.4	--	84.6
New Jersey	4.1	29.4	--	66.5
New Mexico	20.6	63.4	--	16.0
New York	4.6	39.9	--	55.5
North Carolina	13.1	66.3	--	20.6
North Dakota	7.2	48.8	8.6	35.4

See footnotes at end of table.

(continued)

TABLE D-6: ESTIMATED PERCENTAGE RECEIPTS FOR PUBLIC ELEMENTARY-SECONDARY EDUCATION FROM FEDERAL, STATE, INTERMEDIATE AND LOCAL SOURCES, 1975-76 (continued)

State	Percent of Revenue Receipts by Source			
	Federal	State	Intermediate	Local
Ohio	5.9	36.6	--	57.5
Oklahoma	11.1	50.0	4.9	34.0
Oregon	5.9	29.0	17.2	48.0
Pennsylvania	8.7[d]	48.1	--	43.2
Rhode Island	7.9	35.9	--	56.2
South Carolina	14.7	58.8	--	26.5
South Dakota	14.5	14.2	.8	70.6
Tennessee	11.1	53.0	--	35.9
Texas	10.4	50.2	.2	39.2
Utah	7.4	57.9	--	34.8
Vermont	6.0	29.5	--	64.5
Virginia	11.0	30.6	--	58.4
Washington	8.3	51.5	--	40.2
West Virginia	12.3	56.3	--	31.4
Wisconsin	7.5	32.1	.1	60.3
Wyoming	6.9	32.9	21.6	38.6

[a] Does not include commodities donated by USDA.
[b] Includes 2.7 percent attributable to federal general revenue sharing.
[c] Federal share includes general revenue sharing (3 percent); "local" share includes federal payment to D.C., estimated to be 27 percent of general appropriations.
[d] This percentage is based on a 1975 estimate by the National Center for Education Statistics. NCES data published in 1977 and based on actual revenue receipts shows the federal share to be 5.7 percent of Pennsylvania's total revenue receipts for public and elementary education in 1975-76.

SOURCE: National Center for Education Statistics, Statistics of Public Elementary and Secondary Day Schools, Fall 1975, Table 10.

TABLE D-7: REVENUES OF PUBLIC ELEMENTARY AND SECONDARY SCHOOLS FROM FEDERAL SOURCES

	Percent of revenues from federal sources, school year		
	1961-62	1969-70	1975-76
UNITED STATES	**4.3%**	**8.0%**	**8.0%**
Alabama	9.1	18.4	16.1
Alaska	27.2	22.3	15.1
Arizona	7.7	12.0	10.5
Arkansas	8.2	18.9	15.5
California	3.6	5.9	9.2
Colorado	7.5	10.2	6.8
Connecticut	2.9	4.5	4.1
Delaware	3.7	6.9	8.0
District of Columbia	14.6	25.8	17.8
Florida	5.7	10.7	6.2
Georgia	7.1	14.3	12.1
Hawaii	14.0	11.0	7.3
Idaho	7.6	11.6	10.9
Illinois	2.6	5.0	6.2
Indiana	2.9	6.0	5.7
Iowa	3.5	5.4	4.6
Kansas	5.6	7.8	11.6
Kentucky	6.7	17.6	14.6
Louisiana	4.7	12.0	17.5
Maine	6.7	7.5	8.1
Maryland	5.1	8.2	5.7
Massachusetts	4.8	5.1	4.1
Michigan	2.6	4.8	3.8
Minnesota	3.0	6.0	5.5
Mississippi	7.3	20.9	21.2
Missouri	4.4	7.4	8.2
Montana	6.3	5.7	6.1
Nebraska	5.9	7.6	7.4
Nevada	7.9	10.1	5.5
New Hampshire	6.3	7.0	6.0
New Jersey	2.4	5.4	4.1
New Mexico	12.4	18.7	20.6
New York	2.4	5.1	4.6
North Carolina	5.8	16.2	13.1
North Dakota	6.9	13.9	7.2
Ohio	3.1	5.7	5.9
Oklahoma	8.3	12.7	11.1
Oregon	4.0	5.5	5.9
Pennsylvania	2.8	6.1	5.7
Rhode Island	5.9	6.7	7.9
South Carolina	8.2	15.2	14.7
South Dakota	8.3	13.9	14.5
Tennessee	7.9	14.6	11.1
Texas	4.5	11.5	10.4
Utah	5.5	9.7	7.4
Vermont	3.8	5.9	6.0
Virginia	9.1	14.1	11.0
Washington	5.3	7.3	8.3
West Virginia	4.3	13.6	12.3
Wisconsin	3.6	4.6	7.5
Wyoming	5.3	8.5	6.9

SOURCE: National Center for Education Statistics, The Condition of Education, 1977 Edition, Volume III, Part 1, U. S. Department of Health, Education, and Welfare, Chart 6.05, page 131.

The trend data in Table D-7 shows that, while the average Federal share for all the states in the Union was 8.0 percent for both the 1969-70 and 1975-76 school years, the Federal share for New York State decreased from 5.1 percent in 1969-70 to 4.6 percent in 1975-76.

RECOMMENDATIONS:

Even taking into account New York State's high education expenditures, the percentage of revenues received by the State for elementary and secondary school purposes from Federal sources is very low. It is recommended that New York State Government officials and the State's representatives in Congress continue to call for increased Federal assistance for education in New York and for adoption of formula factors which are more sensitive to the needs of urban areas.

Assistance for school finance reform is one area for which Federal aid could be targeted. Steps towards equalization of intra-state disparities in educational expenditures and/or fiscal resources have been generally impeded because of their enormous costs. New Federal funding designed to assist states in reducing inequities among school districts would be beneficial to New York State.